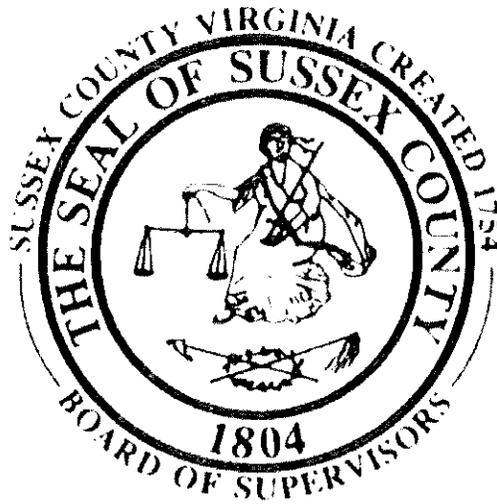


COUNTY OF SUSSEX, VIRGINIA



ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2009

COUNTY OF SUSSEX, VIRGINIA

ANNUAL FINANCIAL REPORT

**FOR THE FISCAL YEAR ENDED JUNE 30,
2009**

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COUNTY OF SUSSEX, VIRGINIA

Board of Supervisors

C. Eric Fly, Chairperson
Rufus E. Tyler, Sr., Vice Chairperson
Wayne M. Harrell

T. Wayne Birdsong
Charlie E. Caple, Jr.
Harris L. Parker

Department of Social Services

Charlie E. Caple, Jr., Chairperson
Will Massenburg, Jr., Vice Chairperson
Delores Spain
Freddie Stringfield

William Bain
Norfleet Givens
Willie C. Walker

County School Board

Gloria Holloman, Chairperson
Lisa H. Winfield, Vice Chairperson
Doris C. Hamlin

Will Massenburg
Marvin Morris, Jr.
James A. Thorpe, Jr.

Other Officials

County Administrator.....	Mary E. Jones
Deputy County Administrator	Vacant
Director of Finance	Jerry L. Whitaker
Director of Social Services.....	Chequila H. Fields
Superintendent of Schools.....	Dr. Charles H. Harris, III
Treasurer	Onnie L. Woodruff
Commissioner of the Revenue	Ellen G. Boone
Commonwealth's Attorney	Lyndia Person-Ramsey
Sheriff.....	Raymond E. Bell
Clerk of the Circuit Court.....	Gary M. Williams
Judge of the Circuit Court.....	W. Allan Sharrett
Judge of the General District Court	Stephen Bloom
Judge of the Juvenile and Domestic Relations Court	Carson Saunders

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COUNTY OF SUSSEX, VIRGINIA
FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1-2
Management's Discussion and Analysis	3-9
<u>Basic Financial Statements</u>	
Government-wide Financial Statements:	
Exhibit 1 Statement of Net Assets	10
Exhibit 2 Statement of Activities	11
Fund Financial Statements:	
Exhibit 3 Balance Sheet--Governmental Funds	12
Exhibit 4 Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	13
Exhibit 5 Statement of Revenues, Expenditures and Changes in Fund Balances--Governmental Funds	14
Exhibit 6 Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	15
Exhibit 7 Statement of Fiduciary Net Assets--Fiduciary Funds	16
Exhibit 8 Statement of Changes in Fiduciary Net Assets	17
Notes to Financial Statements	18-41

COUNTY OF SUSSEX, VIRGINIA
FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

TABLE OF CONTENTS

	<u>Page</u>
<u>Required Supplementary Information:</u>	
Exhibit 9 Schedule of Revenues, Expenditures and Changes in Fund Balances–Budget and Actual–General Fund	42
Exhibit 10 Schedule of Funding Progress - Virginia Retirement System	43
Exhibit 11 Schedule of Funding Progress - Retiree Healthcare Plan	44
<u>Other Supplementary Information:</u>	
Combining and Individual Fund Statements and Schedules:	
Exhibit 12 Schedule of Revenues, Expenditures, and Changes in Fund Balances–Budget and Actual–County Capital Projects Fund	45
Exhibit 13 Schedule of Revenues, Expenditures, and Changes in Fund Balances–Budget and Actual–Nonmajor Special Revenue Fund	46
Exhibit 14 Combining Statement of Fiduciary Net Assets	47
Exhibit 15 Statement of Changes in Assets and Liabilities-Agency Funds	48
Discretely Presented Component Unit School Board:	
Exhibit 16 Combining Balance Sheet	49
Exhibit 17 Combining Statement of Revenues, Expenditures and Changes in Fund Balances–Governmental Funds	50
Exhibit 18 Schedule of Revenues, Expenditures and Changes in Fund Balances–Budget and Actual–School Operating Fund	51
Exhibit 19 Schedule of Revenues, Expenditures, and Changes in Fund Balances–Budget and Actual–Nonmajor Special Revenue Fund	52
Supporting Schedules:	
Schedule 1 Schedule of Revenues–Budget and Actual–Governmental Funds	53-58
Schedule 2 Schedule of Expenditures–Budget and Actual–Governmental Funds	59-62

COUNTY OF SUSSEX, VIRGINIA
FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

TABLE OF CONTENTS

Other Supplementary Information: (Continued)

	<u>Page</u>
Other Statistical Information:	
Table 1 Government-Wide Expenses by Function—Last Seven Fiscal Years	63
Table 2 Government-Wide Revenues—Last Seven Fiscal Years	64
Table 3 General Governmental Expenditures by Function—Last Ten Fiscal Years	65
Table 4 General Governmental Revenues by Source—Last Ten Fiscal Years	66
Table 5 Property Tax Levies and Collections—Last Ten Fiscal Years	67
Table 6 Assessed Value of Taxable Property—Last Ten Fiscal Years	68
Table 7 Property Tax Rates—Last Ten Fiscal Years	69
Table 8 Ratio of Net General Obligation Bonded Debt to Assessed Value and Net Bonded Debt Per Capita	70
 <u>Compliance:</u>	
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	71-72
Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133	73-74
Schedule of Expenditures of Federal Awards	75-76
Notes to Schedule of Expenditures of Federal Awards	77
Schedule of Findings and Questioned Costs	78
Schedule of Prior Year Findings and Questioned Costs	79

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ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

Independent Auditor's Report

To The Honorable Members of the Board of Supervisors
County of Sussex
Sussex, Virginia

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Sussex, Virginia, as of and for the year ended June 30, 2009, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County of Sussex, Virginia's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Sussex, Virginia, as of June 30, 2009, and the respective changes in financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 16, the County implemented GASB Statement No.45, *Accounting and Financial Reporting by Employers for Post-Employment Benefits other than Pensions* effective June 30, 2009.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 28, 2010, on our consideration of the County of Sussex, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

The Management's Discussion and Analysis, budgetary comparison information, and Schedules of Pension Funding Progress and Funding Progress for the Retiree Healthcare Plan as listed in the table of contents, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Sussex, Virginia's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, and other statistical information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of the County of Sussex, Virginia. The combining and individual fund financial statements and schedules and the Schedule of Expenditures of Federal Awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and other statistical information have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Robert J. Fox, CPA

Richmond, Virginia
January 28, 2010

MANAGEMENT'S DISCUSSION AND ANALYSIS

**To the Honorable Members of the Board of Supervisors
To the Citizens of Sussex County
County of Sussex, Virginia**

As management of the County of Sussex, Virginia we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2009. Please read it in conjunction with the County's basic financial statements, which follow this section.

Financial Highlights

Government-wide Financial Statements

- ▶ The assets of the County exceeded its liabilities at the close of the most recent fiscal year by \$34,806,659 (net assets).

Fund Financial Statements

The Governmental Funds, on a current financial resource basis, reported revenues and other financing sources of \$600,419 in excess of expenditures and other financing uses (Exhibit 5) after making contributions totaling \$8,226,076 to the School Board.

- ▶ As of the close of the current fiscal year; the County's funds reported ending fund balances of \$22,735,829 an increase of \$600,419 in comparison with the prior year.
- ▶ At the end of the current fiscal year, unreserved fund balance for the general fund was \$5,145,953 or 20.9% of total general fund expenditures and other uses.
- ▶ The combined long-term obligations decreased \$1,076,354 during the current fiscal year.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements comprise three components:

1. Government-wide financial statements,
2. Fund financial statements, and
3. Notes to the financial statements.

This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements - The Government-wide financial statements are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the County's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The statement of activities presents information showing how the County's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the County include general government, courts, police protection, sanitation, social services, education, cultural events, and recreation.

The Government-wide financial statements include not only the County of Sussex, Virginia itself (known as the primary government), but also a legally separate school district for which the County of Sussex, Virginia is financially accountable. Financial information for the component unit is reported separately from the financial information presented for the primary government itself.

Fund financial statements - A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County of Sussex, Virginia, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into two categories: governmental funds and fiduciary funds.

Overview of the Financial Statements (Continued)

Governmental funds - Governmental funds are used to account for essentially the same functions or services reported as governmental activities in the government-wide financial statements. Whereas the government-wide financial statements are prepared on the accrual basis of accounting, the governmental fund financial statements are prepared on the modified accrual basis of accounting. The focus of modified accrual reporting is on near-term inflows and outflows of financial resources and the balance of financial resources available at the end of the fiscal year. Since the governmental funds focus is narrower than that of the government-wide financial statements a reconciliation between the two methods is provided at the bottom of the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances. The County has two major governmental funds – the General Fund and County Capital Projects Fund.

Fiduciary funds - The County is the trustee, or fiduciary, for the County's agency funds. It is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the County's fiduciary activities are reported in a separate statement of fiduciary net assets. The County excludes these activities from the County's government-wide financial statements because the County cannot use these assets to finance its operations. Agency funds are County custodial funds used to provide accountability of client monies for which the County is custodian.

Notes to the financial statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information - In addition to the basic financial statement and accompanying notes, this report also presents certain required supplementary information for budgetary comparison schedules and presentation of combining financial statements for the discretely presented component unit - School Board. The School Board does not issue separate financial statements.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a County's financial position. In the case of the County, assets exceeded liabilities by \$34,806,659 at the close of the most recent fiscal year. The following table summarizes the County's Statement of Net Assets:

<u>County of Sussex, Virginia's Net Assets</u>		
	<u>Governmental Activities</u>	
	<u>2009</u>	<u>2008</u>
Current and other assets	\$ 23,108,817	\$ 22,579,861
Restricted assets	404,794	229,675
Capital assets	<u>34,475,871</u>	<u>35,453,831</u>
Total assets	<u>\$ 57,989,482</u>	<u>\$ 58,263,367</u>
Current liabilities	\$ 537,186	\$ 496,537
Long-term liabilities outstanding	<u>22,645,637</u>	<u>23,721,991</u>
Total liabilities	<u>\$ 23,182,823</u>	<u>\$ 24,218,528</u>
Net assets:		
Invested in capital assets, net of related debt	\$ 14,320,447	\$ 14,217,010
Restricted for Debt Service	404,794	229,675
Unrestricted	<u>20,081,418</u>	<u>19,598,154</u>
Total net assets	<u>\$ 34,806,659</u>	<u>\$ 34,044,839</u>

Government-wide Financial Analysis (Continued)

The County's net assets increased by \$761,820 during the current fiscal year. The following table summarizes the County's Statement of Activities

<u>County of Sussex, Virginia's Changes in Net Assets</u>			
	<u>Governmental Activities</u>		
	<u>2009</u>	<u>2008</u>	
Charges for services	\$ 7,811,169	\$ 9,862,743	
Operating grants and contributions	4,826,716	4,608,191	
Capital grants and contributions	295,634	702,126	
General property taxes	7,763,119	7,013,522	
Other local taxes	1,103,140	1,153,991	
Grants and other contributions not restricted	1,684,464	1,541,056	
Other general revenues	803,028	938,695	
Total revenues	\$ 24,287,270	\$ 25,820,324	
General government administration	\$ 1,750,158	\$ 1,710,415	
Judicial administration	1,173,501	1,099,108	
Public safety	5,558,789	5,092,001	
Public works	744,007	850,360	
Health and welfare	3,502,184	3,157,925	
Education	9,330,399	3,002,544	
Parks, recreation, and cultural	211,185	273,141	
Community development	662,735	1,270,552	
Interest and other fiscal charges	592,492	529,121	
Total expenses	\$ 23,525,450	\$ 16,985,167	
Change in net assets	\$ 761,820	\$ 8,835,157	
Net assets, Beg of year	34,044,839	25,209,682	
Net assets, end of year	\$ 34,806,659	\$ 34,044,839	

Financial Analysis of the County's Funds

As noted earlier, the County used fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds - The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of available resources. Such information is useful in assessing the County's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a County's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the County's governmental funds reported fund balances of \$22,735,829 an increase of \$600,419 in comparison with the prior year. Approximately 23% of this total amount constitutes unreserved General Fund balance, which is available for spending at the County's discretion.

The County Capital Projects Fund accounts for all major general public improvements. At the end of the fiscal year, the unreserved fund balance was \$17,160,572, all of which was designated for current or future capital projects.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget were increases of \$320,502 and can be briefly summarized as follows:

- < \$167,113 increase in public safety expenditures
- < \$150,389 increase in general government administration expenditures
- < \$ 3,000 increase in education expenditures

The increase in budgeted General Fund expenditures resulted in an increase in the budgeted beginning General Fund balance. During the year, revenues and other financing sources were less than budgetary estimates by \$2,525,187. Budgetary estimates exceeded expenditures and other financing uses by \$2,300,264. The combination of the two resulted in a negative variance of \$224,923.

Capital Asset and Debt Administration

- < **Capital assets** - The County's investment in capital assets for its governmental operations as of June 30, 2009 amounts to \$34,475,871 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, and machinery and equipment.

Additional information on the County's capital assets can be found in the notes of this report.

Long-term debt - At the end of the current fiscal year, the County had total bonded debt outstanding of \$20,155,424. Of this amount, \$16,863,996 comprises debt backed by the full faith and credit of the County. The remainder of the County's debt represents bonds secured solely by specified revenue sources (i.e., lease/revenue bonds, limited obligation notes).

The County's total debt decreased by \$1,081,397 during the current fiscal year.

Additional information on the County of Sussex, Virginia's long-term debt can be found in notes of this report.

Economic Factors and Next Year's Budgets and Rates

- < The unemployment rate for the County was 8.5 percent. The state's average unemployment rate of 6.7 percent and the national average rate of 9.3 percent.
- < Inflationary trends in the region compare favorably to national indices.

All of these factors were considered in preparing the County's budget for the 2010 fiscal year.

The fiscal year 2010 budget decreased by approximately 5%. The rate for fiscal year 2010 will be \$0.54/\$100.

Requests for Information

This financial report is designed to provide a general overview of the County of Sussex, Virginia's finances for all those with an interest in the County's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the County Administrator, P.O. Box 1397, Sussex, Virginia 23884.

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BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

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County of Sussex, Virginia
Statement of Net Assets
June 30, 2009

	Primary Governmental Activities	Component Unit School Board
ASSETS		
Cash and cash equivalents	\$ 21,303,995	\$ 1,213,159
Receivables (net of allowance for uncollectibles):		
Taxes receivable	392,360	-
Accounts receivable	669,096	14,784
Due from other governmental units	743,366	218,991
Prepaid expenses	-	125,726
Restricted assets:		
Temporarily restricted:		
Bond sinking funds	404,794	-
Capital assets (net of accumulated depreciation):		
Land	7,212,697	111,236
Buildings and system	24,293,533	8,673,642
Machinery and equipment	2,515,862	1,478,023
Construction in progress	453,779	-
Total assets	<u>\$ 57,989,482</u>	<u>\$ 11,835,561</u>
LIABILITIES		
Accounts payable	\$ 196,633	\$ 199,417
Accrued liabilities	-	1,031,005
Accrued interest payable	329,505	-
Due to other governmental units	-	31,996
Deferred revenue	11,048	-
Long-term liabilities:		
Due within one year	1,118,994	106,211
Due in more than one year	21,526,643	1,645,700
Total liabilities	<u>\$ 23,182,823</u>	<u>\$ 3,014,329</u>
NET ASSETS		
Invested in capital assets, net of related debt	\$ 14,320,447	\$ 10,262,901
Restricted for:		
Debt service and bond covenants	404,794	-
Unrestricted (deficit)	20,081,418	(1,441,669)
Total net assets	<u>\$ 34,806,659</u>	<u>\$ 8,821,232</u>
 Total Liabilities and Net Assets	 <u>\$ 57,989,482</u>	 <u>\$ 11,835,561</u>

The notes to the financial statements are an integral part of this statement.

County of Sussex, Virginia
Statement of Activities
For the Year Ended June 30, 2009

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Governmental Activities	Component Unit
PRIMARY GOVERNMENT:						
Governmental activities:						
General government administration	\$ 1,750,158	\$ -	\$ 235,183	\$ -	\$ (1,514,975)	\$ -
Judicial administration	1,173,501	660,318	471,508	-	(41,675)	-
Public safety	5,558,789	118,638	1,663,928	-	(3,776,223)	-
Public works	744,007	7,018,565	-	-	6,274,558	-
Health and welfare	3,502,184	-	2,414,405	-	(1,087,779)	-
Education	9,330,399	-	-	118,852	(9,211,547)	-
Parks, recreation, and cultural	211,185	-	-	-	(211,185)	-
Community development	662,735	13,648	41,692	176,782	(430,613)	-
Interest on long-term debt	592,492	-	-	-	(592,492)	-
Total governmental activities	\$ 23,525,450	\$ 7,811,169	\$ 4,826,716	\$ 295,634	\$ (10,591,931)	\$ -
Total primary government	\$ 23,525,450	\$ 7,811,169	\$ 4,826,716	\$ 295,634	\$ (10,591,931)	\$ -
COMPONENT UNIT:						
School Board	\$ 20,712,501	\$ 326,252	\$ 11,188,107	\$ -	\$ -	\$ (9,198,142)
Total component unit	\$ 20,712,501	\$ 326,252	\$ 11,188,107	\$ -	\$ -	\$ (9,198,142)
General revenues:						
General property taxes	\$ 7,763,119	\$ -	\$ -	\$ -	\$ 7,763,119	\$ -
Local sales tax	536,973	-	-	-	536,973	-
Communications tax	182,750	-	-	-	182,750	-
Motor vehicle licenses	183,648	-	-	-	183,648	-
Other local taxes	199,769	-	-	-	199,769	-
Unrestricted revenues from use of money and property	646,208	-	-	-	646,208	6,251
Miscellaneous	156,820	-	-	-	156,820	237,499
Grants and contributions not restricted to specific programs	1,684,464	-	-	-	1,684,464	-
Payment from Sussex County	-	-	-	-	-	9,315,473
Total general revenues	\$ 11,353,751	\$ -	\$ -	\$ -	\$ 11,353,751	\$ 9,559,223
Change in net assets	\$ 761,820	\$ -	\$ -	\$ -	\$ 761,820	\$ 361,081
Net assets - beginning	\$ 34,044,839	\$ -	\$ -	\$ -	\$ 34,044,839	\$ 8,460,151
Net assets - ending	\$ 34,806,659	\$ -	\$ -	\$ -	\$ 34,806,659	\$ 8,821,232

The notes to the financial statements are an integral part of this statement.

FUND FINANCIAL STATEMENTS

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County of Sussex, Virginia
Balance Sheet
Governmental Funds
June 30, 2009

	<u>General</u>	<u>County Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 4,103,292	\$ 17,176,318	\$ 24,385	\$ 21,303,995
Receivables (net of allowance for uncollectibles):				
Taxes receivable	392,360	-	-	392,360
Accounts receivable	665,745	3,226	125	669,096
Due from other governmental units	743,366	-	-	743,366
Restricted assets:				
Temporarily restricted:				
Bond sinking funds	-	404,794	-	404,794
Total assets	<u>\$ 5,904,763</u>	<u>\$ 17,584,338</u>	<u>\$ 24,510</u>	<u>\$ 23,513,611</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 177,661	\$ 18,972	\$ -	\$ 196,633
Deferred revenue	581,149	-	-	581,149
Total liabilities	<u>\$ 758,810</u>	<u>\$ 18,972</u>	<u>\$ -</u>	<u>\$ 777,782</u>
Fund balances:				
Reserved for:				
Debt service	\$ -	\$ 404,794	\$ -	\$ 404,794
Unreserved, reported in:				
General fund	5,145,953	-	-	5,145,953
Special revenue funds	-	-	24,510	24,510
Capital projects funds	-	17,160,572	-	17,160,572
Total fund balances	<u>\$ 5,145,953</u>	<u>\$ 17,565,366</u>	<u>\$ 24,510</u>	<u>\$ 22,735,829</u>
Total liabilities and fund balances	<u>\$ 5,904,763</u>	<u>\$ 17,584,338</u>	<u>\$ 24,510</u>	<u>\$ 23,513,611</u>

The notes to the financial statements are an integral part of this statement.

County of Sussex, Virginia
Reconciliation of the Balance Sheet of Governmental Funds
To the Statement of Net Assets
June 30, 2009

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$ 22,735,829
--	---------------

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The following is a summary of items supporting this adjustment:

Capital outlay	\$ 43,760,598	
Accumulated depreciation	<u>(9,284,727)</u>	34,475,871

Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	570,101
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Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds. The following is a summary of items supporting this adjustment:

Compensated absences	\$ (375,973)	
OPEB liability	(34,000)	
Landfill postclosure care	(2,080,240)	
State literary fund loans	(12,793,996)	
General obligation bonds	(4,070,000)	
QZAB bonds	(3,291,428)	
Accrued interest payable	<u>(329,505)</u>	(22,975,142)

Net assets of governmental activities	<u><u>\$ 34,806,659</u></u>
---------------------------------------	-----------------------------

The notes to the financial statements are an integral part of this statement.

County of Sussex, Virginia
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2009

	<u>General</u>	<u>County Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total</u>
REVENUES				
General property taxes	\$ 7,720,656	\$ -	\$ -	\$ 7,720,656
Other local taxes	1,103,140	-	-	1,103,140
Permits, privilege fees, and regulatory licenses	80,226	-	-	80,226
Fines and forfeitures	440,304	-	-	440,304
Revenue from the use of money and property	357,096	288,695	417	646,208
Charges for services	7,254,433	35,049	1,157	7,290,639
Miscellaneous	156,820	-	-	156,820
Recovered costs	323,697	-	-	323,697
Intergovernmental revenues:				
Commonwealth	5,224,902	118,852	-	5,343,754
Federal	1,463,060	-	-	1,463,060
Total revenues	<u>\$ 24,124,334</u>	<u>\$ 442,596</u>	<u>\$ 1,574</u>	<u>\$ 24,568,504</u>
EXPENDITURES				
Current:				
General government administration	\$ 1,698,539	\$ -	\$ -	\$ 1,698,539
Judicial administration	1,082,532	-	284	1,082,816
Public safety	5,452,393	-	-	5,452,393
Public works	858,840	-	-	858,840
Health and welfare	3,470,196	-	-	3,470,196
Education	8,238,818	-	-	8,238,818
Parks, recreation, and cultural	205,488	-	-	205,488
Community development	722,862	-	-	722,862
Capital projects	128,954	414,746	-	543,700
Debt service:				
Principal retirement	-	1,081,397	-	1,081,397
Interest and other fiscal charges	-	613,036	-	613,036
Total expenditures	<u>\$ 21,858,622</u>	<u>\$ 2,109,179</u>	<u>\$ 284</u>	<u>\$ 23,968,085</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 2,265,712</u>	<u>\$ (1,666,583)</u>	<u>\$ 1,290</u>	<u>\$ 600,419</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ 2,811,125	\$ -	\$ 2,811,125
Transfers out	(2,811,125)	-	-	(2,811,125)
Total other financing sources (uses)	<u>\$ (2,811,125)</u>	<u>\$ 2,811,125</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balances	\$ (545,413)	\$ 1,144,542	\$ 1,290	\$ 600,419
Fund balances - beginning	5,691,366	16,420,824	23,220	22,135,410
Fund balances - ending	<u>\$ 5,145,953</u>	<u>\$ 17,565,366</u>	<u>\$ 24,510</u>	<u>\$ 22,735,829</u>

The notes to the financial statements are an integral part of this statement.

County of Sussex, Virginia
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
To the Statement of Activities
For the Year Ended June 30, 2009

Amounts reported for governmental activities in the Statement of Activities are different because:

Net change in fund balances - total governmental funds	\$	600,419
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the capital outlays exceeded depreciation in the current period. The following is a summary of items supporting this adjustment:</p>		
Capital outlay	\$ 790,601	
Transfer of joint tenancy assets from Primary Government to Component Unit School Board	(1,089,397)	
Depreciation expense	<u>(679,164)</u>	(977,960)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		42,463
<p>The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. The following is a summary of items supporting this adjustment:</p>		
Principal retirement on state literary fund loans	\$ 711,397	
Principal retirement on general obligation bonds	370,000	
Decrease in landfill postclosure liability	<u>23,838</u>	1,105,235
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds.</p>		
(Increase) decrease in compensated absences	\$ 5,119	
(Increase) decrease in OPEB liability	(34,000)	
(Increase) decrease in interest payable	<u>20,544</u>	(8,337)
Change in net assets of governmental activities		<u>\$ 761,820</u>

The notes to the financial statements are an integral part of this statement.

County of Sussex, Virginia
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2009

	<u>Private-Purpose Trusts</u>	<u>Agency Funds</u>
ASSETS		
Cash and cash equivalents	\$ 90,479	\$ 10,213
Total assets	<u>\$ 90,479</u>	<u>\$ 10,213</u>
LIABILITIES		
Amounts held for social services clients	\$ -	\$ 1,620
Amounts held for others	-	2,374
Amounts held for inmates	-	6,219
Total liabilities	<u>\$ -</u>	<u>\$ 10,213</u>
NET ASSETS		
Held in trust for scholarships	\$ 90,479	\$ -
Total net assets	<u>\$ 90,479</u>	<u>\$ -</u>
Total liabilities and net assets	<u>\$ 90,479</u>	<u>\$ 10,213</u>

The notes to the financial statements are an integral part of this statement.

County of Sussex, Virginia
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Year Ended June 30, 2009

	Private Purpose Trust Funds
ADDITIONS	
Investment earnings (losses)	\$ 2,555
Private donations	11,725
Total additions	\$ 14,280
 DEDUCTIONS	
Scholarships	\$ 6,000
Total deductions	\$ 6,000
Change in net assets	8,280
Net assets - beginning	\$ 82,199
Net assets - ending	\$ 90,479

The notes to the financial statements are an integral part of this statement.

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements
As of June 30, 2009

Note 1—Summary of Significant Accounting Policies:

The County of Sussex, Virginia (the "County") is governed by an elected six member Board of Supervisors. The County provides a full range of services for its citizens. These services include police and fire protection, sanitation services, recreational activities, cultural events, education, and social services.

The financial statements of the County of Sussex, Virginia have been prepared in conformity with the specifications promulgated by the Auditor of Public Accounts (APA) of the Commonwealth of Virginia, and the accounting principles generally accepted in the United States as specified by the Governmental Accounting Standards Board. The more significant of the government's accounting policies are described below.

Management's Discussion and Analysis - GASB Statement No. 34 requires the financial statements be accompanied by a narrative introduction and analytical overview of the government's financial activities in the form of "Management's Discussion and Analysis" (MD&A).

Government-wide and Fund Financial Statements

Government-wide financial statements - The reporting model includes financial statements prepared using full accrual accounting for all of the government's activities. This approach includes not just current assets and liabilities but also capital assets and long-term liabilities (such as buildings and general obligation debt).

The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government and its component unit. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

Statement of Net Assets - The Statement of Net Assets is designed to display financial position of the primary government (government and business-type activities) and its discretely presented component unit. Governments will report all capital assets in the government-wide Statement of Net Assets and will report depreciation expense - the cost of "using up" capital assets - in the Statement of Activities. The net assets of a government will be broken down into three categories - 1) invested in capital assets, net of related debt; 2) restricted; and 3) unrestricted.

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2009

Note 1—Summary of Significant Accounting Policies: (Continued)

Statement of Activities - The government-wide Statement of Activities reports expenses and revenues in a format that focuses on the cost of each of the government's functions. The expense of individual functions is compared to the revenues generated directly by the function (for instance, through user charges or intergovernmental grants).

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Budgetary Comparison Schedules - Demonstrating compliance with the adopted budget is an important component of a government's accountability to the public. Many citizens participate in one way or another in the process of establishing the annual operating budgets of state and local governments, and have a keen interest in following the actual financial progress of their governments over the course of the year. Many governments revise their original budgets over the course of the year for a variety of reasons. Under the reporting model, governments provide budgetary comparison information in their annual report, including a requirement to report the government's original budget with the comparison of final budget and actual results.

A. Financial Reporting Entity

The basic criterion for determining whether a governmental department, agency, institution, commission, public authority, or other governmental organization should be included in a primary governmental unit's reporting entity for the basic financial statements is financial accountability. Financial accountability includes the appointment of a voting majority of the organization's governing body and the ability of the primary government to impose its will on the organization or if there is a financial benefit/burden relationship. In addition, an organization which is fiscally dependent on the primary government should be included in its reporting entity. These financial statements present the County of Sussex (the primary government) and its component units. Blended component units, although legally separate entities, are, in substance, part of the government's operations and so data from these units are combined with data of the primary government. Each discretely presented component unit, on the other hand, is reported in a separate column in the combined financial statements to emphasize it is legally separate from the government.

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2009

Note 1—Summary of Significant Accounting Policies: (Continued)

B. Individual Component Unit Disclosures

Blended Component Unit. The County has no blended component units at June 30, 2009.

Discretely Presented Component Units. The School Board members are elected by the citizens of Sussex County. The School Board is responsible for the operations of the County's School System within the County boundaries. The School Board is fiscally dependent on the County. The County has the ability to approve its budget and any amendments. The primary funding is from the General Fund of the County. The School Fund does not issue a separate financial report. The financial statements of the School Board are presented as a discrete presentation of the County financial statements for the fiscal year ended June 30, 2009.

C. Other Related Organizations Included in the County's Financial Report

None

D. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The accompanying financial statements are prepared in accordance with pronouncements issued by the Governmental Accounting Standards Board. The principles prescribed by GASB represent generally accepted accounting principles applicable to governmental units.

The County applies all GASB pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989 unless these pronouncements conflict with or contradict GASB pronouncements.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The government-wide Statement of Activities reflects both the gross and net cost per functional category (public safety, public works, health and welfare, etc.) which are otherwise being supported by general government revenues, (property, sales and use taxes, certain intergovernmental revenues, fines, permits and charges, etc.) The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants, and contributions. The program revenues must be directly associated with the function (public safety, public works, health and welfare, etc.) or a business-type activity.

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2009

Note 1—Summary of Significant Accounting Policies: (Continued)

D. Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. This is the manner in which these funds are normally budgeted. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The County's fiduciary funds are presented in the fund financial statements by type. Since by definition these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Accordingly, real and personal property taxes are recorded as revenues and receivables when billed, net of allowances for uncollectible amounts. Property taxes not collected within 60 days after year-end are reflected as deferred revenues. Sales and utility taxes, which are collected by the state or utilities and subsequently remitted to the County, are recognized as revenues and receivables upon collection by the state or utility, which is generally within two months preceding receipt by the County.

Licenses, permits, fines and rents are recorded as revenues when received. Intergovernmental revenues, consisting primarily of federal, state and other grants for the purpose of funding specific expenditures, are recognized when earned or at the time of the specific expenditure. Revenues from general purpose grants are recognized in the period to which the grant applies. All other revenue items are considered to be measurable and available only when cash is received by the government.

In the fund financial statements, financial transactions and accounts of the County are organized on the basis of funds. The operation of each fund is considered to be an independent fiscal and separate accounting entity, with a self-balancing set of accounts recording cash and/or other financial resources together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2009

Note 1—Summary of Significant Accounting Policies: (Continued)

D. Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)

Governmental Funds

Governmental Funds are those through which most governmental functions typically are financed. The County reports the following as major governmental funds.

The General Fund is the primary operating fund of the County. This fund is used to account for all financial transactions and resources except those required to be accounted for in another fund. Revenues are derived primarily from property and other local taxes, state and federal distributions, licenses, permits, charges for service, and interest income. A significant part of the General Fund's revenues is used principally to finance the operations of the Component Unit School Board.

Capital Projects Funds - Capital Projects Funds account for financial resources to be used for the acquisition or construction of major capital facilities.

The County reports the following nonmajor governmental funds:

Special Revenue Funds - Special Revenue Funds account for the proceeds of specific revenue sources (other than major capital projects) requiring separate accounting because of legal or regulatory provisions or administrative action.

Fiduciary Funds - (Trust and Agency Funds) - account for assets held by the County in a trustee capacity or as an agent or custodian for individuals, private organizations, other governmental units, or other funds. These funds include Agency Funds and Private Purpose Trust Funds. These funds utilize the accrual basis of accounting described in the Governmental Fund Presentation. Fiduciary funds are not included in the government-wide financial statements.

E. Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the government.

State statutes authorize the government to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds and repurchase agreements.

F. Investments

Investments are stated at fair value which approximates market; no investments are valued at cost. Certificates of deposit and short-term repurchase agreements are reported in the accompanying financial statements as cash and cash equivalents.

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
 As of June 30, 2009

Note 1—Summary of Significant Accounting Policies: (Continued)

G. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e. the current portions of the interfund loans). All other outstanding balances between funds are reported as “advances to/from other funds.”

All trade and property tax receivables are shown net of an allowance for uncollectibles. The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$92,032 at June 30, 2009 and is comprised solely of property taxes.

Real and Personal Property Tax Data:

The tax calendars for real and personal property taxes are summarized below.

	<u>Real Property</u>	<u>Personal Property</u>
Levy	January 1	January 1
Due Date	December 5	December 5
Lien Date	January 1	January 1

The County bills and collects its own property taxes.

H. Capital Assets

Capital assets, which include property, plant and equipment, are reported in the applicable governmental columns in the government-wide financial statements. Capital assets are defined by the County as land, buildings, and equipment with an initial individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. The County does not have any infrastructure in its capital assets since roads, streets, bridges and similar assets within its boundaries are the property of the Commonwealth of Virginia. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded as estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant and equipment of the primary government, as well as the component unit, are depreciated using the straight-line method over the following estimated useful lives.

<u>Assets</u>	<u>Years</u>
Building Improvements	40
Furniture, Vehicles, and Office Equipment	5-20
Buses	10

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2009

Note 1—Summary of Significant Accounting Policies: (Continued)

I. Compensated Absences

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported as an expense in the Statement of Activities and a long-term obligation in the Statement of Net Assets. In accordance with the provisions of Governmental Accounting Standards No. 16, Accounting for Compensated Absences, no liability is recorded for nonvesting accumulating rights to receive sick pay benefits. However, a liability is recognized for that portion of accumulating sick leave benefits that is estimated will be taken as “terminal leave” prior to retirement.

J. Retirement Plan

Retirement plan contributions are actuarially determined and consist of current service costs and amortization of prior service cost over a 30-year period. The County’s policy is to fund pension cost as it accrues.

K. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

L. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

M. Net Assets

Net assets are the difference between assets and liabilities. Net assets invested in capital assets represent capital assets, less accumulated depreciation less any outstanding debt related to the acquisition, construction or improvement of those assets.

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2009

Note 1—Summary of Significant Accounting Policies: (Continued)

N. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued and premiums on issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Note 2—Stewardship, Compliance, and Accounting:

The following procedures are used by the County in establishing the budgetary data reflected in the financial statements:

1. On or before March 30th, the County Administrator submits to the Board of Supervisors a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain citizen comments.
3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.
4. The Appropriations Resolution places legal restrictions on expenditures at the department or category level. The appropriation for each department or category can be revised only by the Board of Supervisors. The County Administrator is authorized to transfer budgeted amounts within general government departments; however, the School Board is authorized to transfer budgeted amounts within the school system's categories.
5. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
6. Appropriations lapse on June 30, for all County units.

Expenditures and Appropriations

Expenditures did not exceed appropriations in any fund at June 30, 2009.

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2009

Note 3—Deposits and Investments:

Deposits

All cash of the primary government and its discretely presented component unit is maintained in accounts collateralized in accordance with the Virginia Security for Public Deposits Act, Section 2.2-4400 et. seq. of the Code of Virginia or covered by federal depository insurance.

Investments

Statutes authorize the County to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, "prime quality" commercial paper and certain corporate notes, banker's acceptances, repurchase agreements and the State Treasurer's Local Government Investment Pool (LGIP).

Credit Risk of Debt Securities

The County's rated debt investments as of June 30, 2009 were rated by Standard and Poor's and the ratings are presented below using the Standard and Poor's rating scale.

	<u>Fair Quality Ratings</u>
	<u>AAAm</u>
Local Government Investment Pool	\$ 5,212,134
Money Market Mutual Fund	404,794
Total	<u>\$ 5,616,928</u>

External Investment Pools

The fair value of the positions in the Local Government Investment Pool (LGIP) is the same as the value of the pool shares. As this pool is not SEC registered, regulatory oversight of the pool rests with the Virginia State Treasury. LGIP maintains a policy to operate in a manner consistent with SEC Rule 2a-7.

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2009

Note 4—Due to/from Other Governments:

At June 30, 2009, the County has receivables from other governments as follows:

	<u>Primary Government</u>	<u>Component Unit School Board</u>
Other Local Governments:		
Sussex County School Board	\$ 31,996	\$ -
Commonwealth of Virginia:		
Local sales tax	94,213	-
Welfare	59,589	-
Rolling stock tax	76,644	-
State Sales Tax	-	177,138
Constitutional officer reimbursements	210,642	-
Recordation tax	2,071	-
Mobile home titling tax	8,495	-
Local jails	70,336	-
Communications tax	26,524	-
E-911 wireless	7,557	-
Tobacco grant	35,355	-
Juror reimbursement	1,440	-
Federal Government:		
School fund grants	-	41,853
Title IV - E Rev Max	25,246	-
Welfare	93,258	-
	<u>743,366</u>	<u>218,991</u>
Total due from other governments	\$ <u>743,366</u>	\$ <u>218,991</u>

At June 30, 2009, amounts due to other local governments are as follows:

Other Local Governments:		
County of Sussex	\$ -	\$ <u>31,996</u>

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2009

Note 5—Capital Assets:

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2009:

Primary Government:

	Balance July 1, 2008	Increases	Decreases	Balance June 30, 2009
Governmental activities:				
Capital assets not subject to depreciation:				
Land	\$ 7,212,697	\$ -	\$ -	\$ 7,212,697
Construction in progress	-	453,779	-	453,779
Total capital assets not subject to depreciation	<u>\$ 7,212,697</u>	<u>\$ 453,779</u>	<u>\$ -</u>	<u>\$ 7,666,476</u>
Capital assets subject to depreciation:				
Buildings and system	\$ 6,526,530	\$ -	\$ 200	\$ 6,526,330
Machinery and equipment	5,771,113	329,022	273,890	5,826,245
Jointly owned assets	24,328,133	8,000	594,586	23,741,547
Total capital assets being depreciated	<u>\$ 36,625,776</u>	<u>\$ 337,022</u>	<u>\$ 868,676</u>	<u>\$ 36,094,122</u>
Less accumulated depreciation for:				
Buildings and system	\$ 2,218,818	\$ 169,403	\$ -	\$ 2,388,221
Machinery and equipment	3,074,512	509,761	273,890	3,310,383
Jointly owned assets	3,091,312	494,811	-	3,586,123
Total accumulated depreciation	<u>\$ 8,384,642</u>	<u>\$ 1,173,975</u>	<u>\$ 273,890</u>	<u>\$ 9,284,727</u>
Total capital assets being depreciated, net	<u>\$ 28,241,134</u>	<u>\$ (836,953)</u>	<u>\$ 594,786</u>	<u>\$ 26,809,395</u>
Governmental capital assets, net	<u>\$ 35,453,831</u>	<u>\$ (383,174)</u>	<u>\$ 594,786</u>	<u>\$ 34,475,871</u>
Component Unit - School Board:				
	Balance July 1, 2008	Increases	Decreases	Balance June 30, 2009
Governmental activities:				
Capital assets not subject to depreciation:				
Land	\$ 111,236	\$ -	\$ -	\$ 111,236
Total capital assets not subject to depreciation	<u>\$ 111,236</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 111,236</u>
Capital assets subject to depreciation:				
Machinery and equipment	\$ 3,095,963	\$ 325,406	\$ 38,000	\$ 3,383,369
Jointly owned assets	9,622,300	594,586	-	10,216,886
Total capital assets being depreciated	<u>\$ 12,718,263</u>	<u>\$ 919,992</u>	<u>\$ 38,000</u>	<u>\$ 13,600,255</u>
Less accumulated depreciation for:				
Machinery and equipment	\$ 1,612,219	\$ 331,127	\$ 38,000	\$ 1,905,346
Jointly owned assets	1,222,680	320,564	-	1,543,244
Total accumulated depreciation	<u>\$ 2,834,899</u>	<u>\$ 651,691</u>	<u>\$ 38,000</u>	<u>\$ 3,448,590</u>
Total capital assets being depreciated, net	<u>\$ 9,883,364</u>	<u>\$ 268,301</u>	<u>\$ -</u>	<u>\$ 10,151,665</u>
Governmental capital assets, net	<u>\$ 9,994,600</u>	<u>\$ 268,301</u>	<u>\$ -</u>	<u>\$ 10,262,901</u>

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2009

Note 5—Capital Assets: (Continued)

Depreciation expense was charged to functions/programs/funds as follows:

Governmental activities:

General government administration	\$	31,124
Judicial administration		96,155
Public safety		495,605
Public works		5,311
Health and welfare		38,072
Education		494,811
Parks, recreation and cultural		5,697
Community development		<u>7,200</u>
Total Governmental activities	\$	<u><u>1,173,975</u></u>
Component Unit School Board	\$	<u><u>651,691</u></u>

Note 6—Interfund Transfers:

Interfund transfers for the year ended June 30, 2009, consisted of the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Primary Government:		
General Fund	\$ -	\$ 2,811,125
County capital projects fund	<u>2,811,125</u>	<u>-</u>
Total	\$ <u><u>2,811,125</u></u>	\$ <u><u>2,811,125</u></u>
Component Unit- School Board:		
School Operating Fund	\$ -	\$ 42,084
School Special Revenue Fund	<u>42,084</u>	<u>-</u>
Total	\$ <u><u>42,084</u></u>	\$ <u><u>42,084</u></u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgeting authorization.

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2009

Note 7—Long-Term Obligations:

Primary Government:

The following is a summary of changes in long-term obligations for the fiscal year ended June 30, 2009:

	<u>Amounts Payable at July 1, 2008</u>	<u>Increases</u>	<u>Decreases</u>	<u>Amounts Payable at June 30, 2009</u>	<u>Amounts Due Within One Year</u>
Governmental Obligations:					
Incurred by County:					
Compensated absences payable	\$ 381,092	\$ 32,990	\$ 38,109	\$ 375,973	\$ 37,597
Landfill postclosure care	2,104,078	-	23,838	2,080,240	-
OPEB liability	-	45,000	11,000	34,000	-
	<u>2,485,170</u>	<u>77,990</u>	<u>72,947</u>	<u>2,490,213</u>	<u>37,597</u>
Total incurred by County	\$ 2,485,170	\$ 77,990	\$ 72,947	\$ 2,490,213	\$ 37,597
Incurred by School Board:					
State Literary Fund Loans	\$ 13,505,393	-	\$ 711,397	\$ 12,793,996	\$ 711,397
General obligation bonds	4,440,000	-	370,000	4,070,000	370,000
QZAB Bonds	3,291,428	-	-	3,291,428	-
	<u>21,236,821</u>	<u>-</u>	<u>1,081,397</u>	<u>20,155,424</u>	<u>1,081,397</u>
Total incurred by School Board	\$ 21,236,821	\$ -	\$ 1,081,397	\$ 20,155,424	\$ 1,081,397
Total Governmental Obligations	<u>\$ 23,721,991</u>	<u>\$ 77,990</u>	<u>\$ 1,154,344</u>	<u>\$ 22,645,637</u>	<u>\$ 1,118,994</u>

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2009

Note 7—Long-Term Obligations: (Continued)

Primary Government: (continued)

Annual requirements to amortize long-term obligations and related interest are as follows:

Year Ending June 30	School Obligations					
	General Obligation Bonds		QZAB Bond		Literary Loan	
	Principal	Interest	Principal	Interest	Principal	Interest
2010	\$ 370,000	\$ 190,272	\$ -	\$ -	\$ 711,397	\$ 383,820
2011	370,000	172,559	-	-	711,397	362,478
2012	370,000	155,770	-	-	711,397	341,135
2013	370,000	138,750	-	-	711,397	319,794
2014	370,000	121,499	-	-	711,397	308,452
2015	370,000	104,016	-	-	711,397	277,110
2016	370,000	85,840	-	-	711,397	255,768
2017	370,000	66,970	-	-	711,397	234,426
2018	370,000	48,100	-	-	711,397	213,085
2019	370,000	28,999	-	-	711,397	191,743
2020	370,000	9,666	-	-	711,397	170,401
2021	-	-	1,077,000	-	711,397	149,059
2022	-	-	-	-	711,397	127,717
2023	-	-	2,214,428	-	711,397	106,375
2024	-	-	-	-	711,397	85,033
2025	-	-	-	-	711,397	63,691
2026	-	-	-	-	711,400	42,349
2027	-	-	-	-	350,127	21,007
2028	-	-	-	-	350,117	10,504
Total	\$ 4,070,000	\$ 1,122,441	\$ 3,291,428	\$ -	\$ 12,793,996	\$ 3,663,947

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2009

Note 7—Long-Term Obligations: (Continued)

Primary Government: (continued)

General Obligations:

Incurred by County:

Landfill Postclosure cost	\$	2,080,240
OPEB liability	\$	34,000
Compensated absences (payable from the General Fund)	\$	375,973
Total incurred by County	\$	<u>2,490,213</u>

General Obligations:

Incurred by School Board:

QZAB Bonds:

\$1,077,000 QZAB bond issued December 23, 2005, due in one lump sum payment at December 23, 2020, interest rate at 0%.	\$	1,077,000
\$2,214,428 QZAB bonds issued November 17, 2006, due in one lump sum payment at November 17, 2022, interest at 0%.		<u>2,214,428</u>
Total QZAB Bonds	\$	<u>3,291,428</u>

General Obligation Bonds:

\$7,430,000 VPSA bond issued April 26, 1999 in annual installments, interest payable semi-annually at coupon rates of 4.100% to 5.225% through July 15, 2019	\$	<u>4,070,000</u>
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Literary Fund Loans:

\$7,225,403 Literary loan issued October 1, 2005, due in annual installments of \$361,270 through October 1, 2025, interest at 3%.	\$	6,141,593
\$7,002,530 Literary loan issued January 1, 2009, due in annual installments of \$350,127 through January 1, 2028, interest at 3%.		<u>6,652,403</u>
Total Literary Fund Loans	\$	<u>12,793,996</u>
Total incurred by School Board	\$	<u>20,155,424</u>
Total General Obligations, Primary Government	\$	<u>22,645,637</u>

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2009

Note 7—Long-Term Obligations: (Continued)

Discretely Presented Component Unit-School Board:

The following is a summary of changes in long-term obligations for the fiscal year ended June 30, 2009:

	Amounts Payable at July 1, 2008	Increases	Decreases	Amounts Payable at June 30, 2009	Amounts Due Within One Year
Component Unit-School Board:					
Early retirement incentive	\$ 1,112,843	\$ -	\$ 36,698	\$ 1,076,145	\$ 39,634
OPEB liability	-	101,000	91,000	10,000	-
Compensated absences	660,139	71,641	66,014	665,766	66,577
Total Component Unit-School Board	<u>\$ 1,772,982</u>	<u>\$ 172,641</u>	<u>\$ 193,712</u>	<u>\$ 1,751,911</u>	<u>\$ 106,211</u>

Annual requirements to amortize long-term obligations and related interest are as follows:

Year Ending June 30	VRS Retirement Liability	
	Principal	Interest
2010	\$ 39,634	\$ 86,092
2011	42,804	82,922
2012	46,229	79,497
2013	49,928	75,798
2014	53,921	71,805
2015	58,236	67,490
2016	62,894	62,832
2017	67,925	57,801
2018	73,360	52,366
2019	79,228	46,498
2020	85,567	40,159
2021	92,412	33,314
2022	99,805	25,921
2023	107,789	17,937
2024	116,413	9,313
Total	<u>\$ 1,076,145</u>	<u>\$ 809,745</u>

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2009

Note 7—Long-Term Obligations: (Continued)

Discretely Presented Component Unit-School Board: (Continued)

General Obligations:

Early Retirement Incentive	\$	<u>1,076,145</u>
OPEB liability	\$	<u>10,000</u>
Compensated absences liability (Payable from the School Fund)	\$	<u>665,766</u>
Total General obligations, Component Unit - School Board	\$	<u>1,751,911</u>

Note 8—Closure and Postclosure Costs:

The County closed its two landfills and is liable for postclosure monitoring for a period of thirty years. In conjunction with the closing of the landfill, an environmental engineering firm was engaged to devise a closure plan in accordance with Federal and State Regulations. The \$2,080,240 reported as landfill closure and postclosure liability at June 30, 2009, represents the estimated liability for postclosure monitoring, over the remaining twenty-one years. These amounts are based on what it would cost to perform all closure and postclosure care in 2009. Actual costs may be higher due to inflation, changes in technology or changes in regulations.

The County has demonstrated financial assurance requirements for closure, postclosure care, and corrective action costs through the submission of a Local Government Financial Test to the Virginia Department of Environmental Quality in accordance with Section 9VAC20-70 of the Virginia Administrative Code.

Note 9—Deferred Revenue:

Deferred revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable, but not available. Deferred revenue totaling \$581,149 is comprised of the following:

Deferred Property Tax Revenue - Deferred revenue representing uncollected tax billings not available for funding of current expenditures totaled \$570,101 at June 30, 2009.

Prepaid Property Taxes - Property taxes due subsequent to June 30, 2009 but paid in advance by the taxpayers totaled \$11,048 at June 30, 2009.

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2009

Note 10—Contingent Liabilities:

Federal programs in which the County and discretely presented component unit participate were audited in accordance with the provisions of the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Pursuant to the provisions of this circular all major programs and certain other programs were tested for compliance with applicable grant requirements.

While no matters of noncompliance were disclosed by audit, the Federal Government may subject grant programs to additional compliance tests which may result in disallowed expenditures. In the opinion of management, any future disallowance of current grant program expenditures, if any, would be immaterial.

Note 11—Litigation:

At June 30, 2009, there were no matters of litigation involving the County or which would materially affect the County's financial position should any court decisions on pending matters not be favorable to the County.

Note 12 —Risk Management:

The County is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the government carries insurance.

The County is a member of the Virginia Municipal Group Self Insurance Association for workers' compensation. This program is administered by a servicing contractor, which furnishes claims review and processing.

Each Association member jointly and severally agrees to assume, pay and discharge any liability. The County pays Virginia Municipal Group contributions and assessments based upon classifications and rates into a designated cash reserve fund out of which expenses of the Association and claims and awards are to be paid. In the event of a loss deficit and depletion of all available excess insurance, the Association may assess all members in the proportion which the premium of each bears to the total premiums of all members in the year in which such deficit occurs.

The County continues to carry commercial insurance for all other risks of loss. During the last three fiscal years, settled claims from these risks have not exceeded commercial coverage.

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2009

Note 13 – Defined Benefit Pension Plan:

A. Plan Description

Name of Plan: Virginia Retirement System (VRS)
Identification of Plan: Agent and Cost-Sharing Multiple-Employer Defined Benefit Pension Plan
Administering Entity: Virginia Retirement System (System)

All full-time, salaried permanent employees of participating employers must participate in the VRS. Benefits vest after five years of service. Employees are eligible for an unreduced retirement benefit at age 65 with 5 years of service (age 60 for participating local law enforcement officers, firefighters, and sheriffs) or at age 50 with at least 30 years of service if elected by the employer (age 50 with at least 25 years of service for participating local law enforcement officers, firefighters, and sheriffs) payable monthly for life in an amount equal to 1.70% of their average final compensation (AFC) for each year of credited service (1.85% for sheriffs and if the employer elects, for other employees in hazardous duty positions receiving enhanced benefits). Benefits are actuarially reduced for retirees who retire prior to becoming eligible for full retirement benefits. In addition, retirees qualify for annual cost-of-living adjustment (COLA) beginning in their second year of retirement. The COLA is limited to 5.00% per year. AFC is defined as the highest consecutive 36 months of reported compensation. Participating local law enforcement officers, firefighters, and sheriffs may receive a monthly benefit supplement if they retire prior to age 65. The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia (1950), as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

The System issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of that report may be downloaded from their website at <http://www.varetire.org/Pdf/Publications/2008annurept.pdf> or obtained by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

B. Funding Policy

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5.00% of their annual salary to the VRS. This 5.00% member contribution may be assumed by the employer. In addition, the County and School Board are required to contribute the remaining amounts necessary to fund their participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The County and School Board non-professional employees' contribution rates for the fiscal year ended 2009 were 11.25% and 6.73% of annual covered payroll, respectively.

The School Board's professional employees contributed \$726,146, \$838,683, and \$707,331 to the teacher cost-sharing pool for the fiscal years ended June 30, 2009, 2008, and 2007 respectively, and these contributions represented 8.81%, 10.30%, and 9.20% respectively, of current covered payroll.

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2009

Note 13 – Defined Benefit Pension Plan (Continued):

C. Annual Pension Cost

For fiscal year 2009, the County’s annual pension cost of \$529,787 (which does not include the portion of the employees share assumed by the County of \$235,462) was equal to the County’s required and actual contributions.

For fiscal year 2009, the County School Board’s annual pension cost for the Board’s non-professional employees was \$81,140 (which does not include the portion of the employees share assumed by the School Board of \$60,283) which was equal to the Board’s required and actual contributions.

Three Year Trend Information

Fiscal Year Ending	Annual Pension Cost (APC) (1)	Percentage of APC Contributed	Net Pension Obligation
County:			
June 30, 2009	\$ 529,787	100%	\$ -
June 30, 2008	317,173	100%	-
June 30, 2007	300,008	100%	-
School Board:			
Non-Professional:			
June 30, 2009	\$ 81,140	100%	\$ -
June 30, 2008	76,544	100%	-
June 30, 2007	73,235	100%	-

(1) Employer portion only

The required contribution was determined as part of the June 30, 2007 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at June 30, 2007 included (a) an investment rate of return (net of administrative expenses) of 7.50%, (b) projected salary increases ranging from 3.75% to 5.60% per year for general government employees and 3.50% to 4.75% for employees eligible for enhanced benefits available to law enforcement officers, firefighters and sheriffs, and (c) a cost-of-living adjustment of 2.50% per year. Both the investment rate of return and the projected salary increases include an inflation component of 2.50%. The actuarial value of the County’s and School Board’s assets is equal to the modified market value of assets. This method uses techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period. The County’s and School Board’s unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2007 was 20 years.

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2009

Note 13 – Defined Benefit Pension Plan: (Continued)

D. Funded Status and Funding Progress

As of June 30, 2008, the most recent actuarial valuation date, the Primary Government plan was 82.02% funded. The actuarial accrued liability for benefits was \$17,712,767, and the actuarial value of assets was \$14,527,294, resulting in an unfunded actuarial accrued liability (UAAL) of \$3,185,473. The covered payroll (annual payroll of active employees covered by the plan) was \$4,588,304, and ratio of the UAAL to the covered payroll was 69.43%.

As of June 30, 2008, the most recent actuarial valuation date, the School Board's Non-Professional plan was 91.63% funded. The actuarial accrued liability for benefits was \$2,314,213, and the actuarial value of assets was \$2,120,575, resulting in an unfunded actuarial accrued liability (UAAL) of \$193,638. The covered payroll (annual payroll of active employees covered by the plan) was \$1,171,606, and ratio of the UAAL to the covered payroll was 16.53%.

The schedule of funding progress, presented as Required Supplementary Information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability (AAL) for benefits.

Note 14 – Surety Bonds:

	<u>Amount</u>
Division of Risk Management Surety Bond:	
Commonwealth Funds	
Gary M. Williams, Clerk of the Circuit Court	\$ 210,000
Onnie L. Woodruff, Treasurer	400,000
Ellen G. Boone, Commissioner of the Revenue	20,000
Raymond R. Bell, Sheriff	30,000
Continental Insurance Company-Surety:	
Dr. Charles H. Harris, III, Superintendent of Schools and Clerk of the Board	10,000
All County, Social Service and School Board Employees	100,000

Note 15 – Jointly Governed Organizations:

District 19 Community Services Board

The District 19 Community Services Board is considered a jointly governed organization and therefore its operations are not included in the County's financial statements. The governing body of this organization is appointed by the participating jurisdictions which include the cities of Colonial Heights, Emporia, Hopewell, and Petersburg, and the Counties of Sussex, Greensville, Surry, and Dinwiddie. The governing board has the ability to execute contracts and to budget and expend funds. No one locality contributes more than 50% of the Board's funding or has oversight responsibility over its operations. Sussex County contributed \$61,339 to the District 19 Community Services Board for the fiscal year ended June 30, 2009.

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2009

Note 16—Postemployment Benefits Other Than Pensions:

Plan Description

The County and School Board allow retirees to remain on their health insurance plan after they retire and pay 100% of the active employee and retiree rates. All forms of coverage cease upon the first month after the death of the employee. The spouse may remain on the plan as well and coverage ceases upon the death of retiree. The School Board retirees coverage ceases upon the earlier of death or the attainment of medicare eligibility. Spouses coverage ceases upon the earlier of the eighteenth month after the death of the retiree or medicare eligibility.

Funding Policy

The Schools currently have 29 retirees on their plan. The County has 2 retirees on its plan.

Annual OPEB Cost and Net OPEB Obligation

The County and School Board's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution of the employer (ARC)*. The County and School Board have elected to calculate the ARC as the normal cost plus amortization of the unfunded portion of actuarial accrued liability in compliance with the parameters of GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The estimated contributions are based on projected medical premium payments and credit for the implicit rate subsidy made during the year for the retired employees by the County and School Board. The following table shows the components of the County and School Board's annual OPEB cost for the year, the estimated amount contributed to the plan, and changes in the County's and School Board's net OPEB obligation to the Retiree Health Plan:

	<u>COUNTY</u>	<u>SCHOOLS</u>
Annual required contribution	\$ 45,000	\$ 101,000
Interest on net OPEB obligation	-	-
Adjustment to annual required contribution	-	-
Annual OPEB cost (expense)	<u>\$ 45,000</u>	<u>\$ 101,000</u>
Estimated Contributions made	<u>(11,000)</u>	<u>(91,000)</u>
Increase in net OPEB obligation	34,000	10,000
Net OPEB obligation-beginning of year	-	-
Net OPEB obligation-end of year	<u><u>\$ 34,000</u></u>	<u><u>\$ 10,000</u></u>

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2009

Note 16--Postemployment Benefits Other Than Pensions: (Continued)

Annual OPEB Cost and Net OPEB Obligation (Continued)

The County's and School Board's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2009 were as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
County : 6/30/2009	\$ 45,000	24.44%	\$ 34,000
Schools: 6/30/2009	101,000	90.10%	10,000

Funded Status and Funding Progress

As of January 1, 2009, the most recent actuarial valuation date, the County's actuarial accrued liability for benefits was \$255,000, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$2,947,090, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 8.65 percent.

As of January 1, 2009, the most recent actuarial valuation date, the School Board's actuarial accrued liability for benefits was \$750,000, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$8,667,910, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 8.65 percent.

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples included assumptions about future employment, mortality, and healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2009

Note 16—Postemployment Benefits Other Than Pensions: (Continued)

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The following simplifying assumptions were made:

Retirement age for active employees-Retirement age was estimated based on tables used for the VRS pension valuation and assumed that participants begin to retire when they become eligible to receive healthcare benefits.

Mortality-Life expectancies were based on GAR 1994 Mortality Table for males and females with a one year setback for males and females.

Based on the historical and expected returns of the County's short-term investment portfolio, a discount of 4.0% was used. In addition, the projected unit credit actuarial cost method was used. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2009 was thirty years.

REQUIRED SUPPLEMENTARY INFORMATION

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION:

Presented budgets were prepared in accordance with accounting principles generally accepted in the United States of America.

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County of Sussex, Virginia
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
General property taxes	\$ 7,903,530	\$ 7,903,530	\$ 7,720,656	\$ (182,874)
Other local taxes	1,101,705	1,101,705	1,103,140	1,435
Permits, privilege fees, and regulatory licenses	128,650	128,650	80,226	(48,424)
Fines and forfeitures	536,000	536,000	440,304	(95,696)
Revenue from the use of money and property	410,100	410,100	357,096	(53,004)
Charges for services	9,364,665	9,362,677	7,254,433	(2,108,244)
Miscellaneous	56,180	56,180	156,820	100,640
Recovered costs	364,900	364,900	323,697	(41,203)
Intergovernmental revenues:				
Commonwealth	5,346,002	5,346,002	5,224,902	(121,100)
Federal	1,439,777	1,439,777	1,463,060	23,283
Total revenues	\$ 26,651,509	\$ 26,649,521	\$ 24,124,334	\$ (2,525,187)
EXPENDITURES				
Current:				
General government administration	\$ 1,768,085	\$ 1,918,474	\$ 1,698,539	\$ 219,935
Judicial administration	961,120	961,120	1,082,532	(121,412)
Public safety	5,248,239	5,416,352	5,452,393	(36,041)
Public works	925,143	925,143	858,840	66,303
Health and welfare	3,208,707	3,208,707	3,470,196	(261,489)
Education	8,156,912	8,156,912	8,238,818	(81,906)
Parks, recreation, and cultural	205,488	205,488	205,488	-
Community development	951,169	951,169	722,862	228,307
Capital projects	400,000	400,000	128,954	271,046
Total expenditures	\$ 21,824,863	\$ 22,143,365	\$ 21,858,622	\$ 284,743
Excess (deficiency) of revenues over (under) expenditures	\$ 4,826,646	\$ 4,506,156	\$ 2,265,712	\$ (2,240,444)
OTHER FINANCING SOURCES (USES)				
Transfers out	\$ (4,826,646)	\$ (4,826,646)	\$ (2,811,125)	\$ 2,015,521
Total other financing sources (uses)	\$ (4,826,646)	\$ (4,826,646)	\$ (2,811,125)	\$ 2,015,521
Net change in fund balances	\$ -	\$ (320,490)	\$ (545,413)	\$ (224,923)
Fund balances - beginning	-	320,490	5,691,366	5,370,876
Fund balances - ending	\$ -	\$ -	\$ 5,145,953	\$ 5,145,953

County of Sussex, Virginia
Schedule of Funding Progress - Virginia Retirement System

For the Year Ended June 30, 2009

Valuation Date (1)	Actuarial Value of Assets (AVA) (2)	Actuarial Accrued Liability (AAL) (3)	Unfunded (Excess Funded) Actuarial (UAAL) (3-2) (4)	Funded Ratio (2)/(3) (5)	Annual Covered Payroll (6)	UAAL as % of Payroll (4)/(6) (7)
County:						
6/30/2008	\$ 14,527,294	\$ 17,712,767	3,185,473	82.02%	\$ 4,588,304	69.43%
6/30/2007	13,381,638	14,905,284	1,523,646	89.78%	4,474,099	34.05%
6/30/2006	11,792,112	13,466,222	1,674,110	87.57%	4,198,077	39.88%
6/30/2005	10,957,504	13,225,780	2,268,276	82.85%	3,987,768	56.88%
6/30/2004	10,540,838	10,584,694	43,856	99.59%	3,403,806	1.29%
6/30/2003	10,545,855	9,878,468	(667,387)	106.76%	3,404,797	-19.60%
6/30/2002	10,287,988	8,669,632	(1,618,356)	118.67%	3,316,216	-48.80%
6/30/2001	9,824,180	7,975,207	(1,848,973)	123.18%	3,220,002	-57.42%
6/30/2000	8,815,215	7,078,174	(1,737,041)	124.54%	2,948,129	-58.92%
School Board Non-Professionals:						
6/30/2008	\$ 2,120,575	\$ 2,314,213	193,638	91.63%	\$ 1,171,606	16.53%
6/30/2007	1,874,994	1,951,769	76,775	96.07%	1,026,221	7.48%
6/30/2006	1,610,148	1,839,078	228,930	87.55%	1,081,735	21.16%
6/30/2005	1,429,884	1,815,486	385,602	78.76%	1,161,983	33.18%
6/30/2004	1,293,257	1,371,939	78,682	94.26%	1,061,045	7.42%
6/30/2003	1,178,624	1,185,649	7,025	99.41%	858,007	0.82%
6/30/2002	1,051,831	1,171,777	119,946	89.76%	901,610	13.30%
6/30/2001	917,180	905,960	(11,220)	101.24%	783,545	-1.43%
6/30/2000	759,108	871,798	112,690	87.07%	780,316	14.44%

County of Sussex, Virginia
 Schedule of Funding Progress - Retiree Healthcare Plan

For the Year Ended June 30, 2009

Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded (Excess Funded) Actuarial (UAAL) (3-2)	Funded Ratio (2)/(3)	Annual Covered Payroll	UAAL as % of Payroll (4)/(6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
County:						
1/1/2009	\$ -	\$ 255,000	\$ 255,000	0.00%	\$ 2,947,090	8.65%
School Board:						
1/1/2009	\$ -	\$ 750,000	\$ 750,000	0.00%	\$ 8,667,910	8.65%

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OTHER SUPPLEMENTARY INFORMATION

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*COMBINING AND INDIVIDUAL FUND STATEMENTS AND
SCHEDULES*

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County of Sussex, Virginia
 County Capital Projects Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 For the Year Ended June 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Revenue from the use of money and property	\$ 129,001	\$ 129,001	\$ 288,695	\$ 159,694
Charges for services	32,000	32,000	35,049	3,049
Intergovernmental revenues:				
Commonwealth	119,089	119,089	118,852	(237)
Total revenues	<u>\$ 280,090</u>	<u>\$ 280,090</u>	<u>\$ 442,596</u>	<u>\$ 162,506</u>
EXPENDITURES				
Capital projects	\$ 2,522,180	\$ 2,530,680	\$ 414,746	\$ 2,115,934
Debt service:				
Principal retirement	1,248,870	1,248,870	1,081,397	167,473
Interest and other fiscal charges	612,687	612,687	613,036	(349)
Total expenditures	<u>\$ 4,383,737</u>	<u>\$ 4,392,237</u>	<u>\$ 2,109,179</u>	<u>\$ 2,283,058</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (4,103,647)</u>	<u>\$ (4,112,147)</u>	<u>\$ (1,666,583)</u>	<u>\$ 2,445,564</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 4,826,646	\$ 4,826,646	\$ 2,811,125	\$ (2,015,521)
Total other financing sources (uses)	<u>\$ 4,826,646</u>	<u>\$ 4,826,646</u>	<u>\$ 2,811,125</u>	<u>\$ (2,015,521)</u>
Net change in fund balances	\$ 722,999	\$ 714,499	\$ 1,144,542	\$ 430,043
Fund balances - beginning	-	-	16,420,824	16,420,824
Fund balances - ending	<u>\$ 722,999</u>	<u>\$ 714,499</u>	<u>\$ 17,565,366</u>	<u>\$ 16,850,867</u>

County of Sussex, Virginia
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 Nonmajor Special Revenue Fund
 For the Year Ended June 30, 2009

	County Special Revenue Fund			
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ 900	\$ 900	\$ 417	\$ (483)
Charges for services	2,100	2,100	1,157	(943)
Total revenues	<u>\$ 3,000</u>	<u>\$ 3,000</u>	<u>\$ 1,574</u>	<u>\$ (1,426)</u>
EXPENDITURES				
Current:				
Judicial administration	\$ 3,000	\$ 3,000	\$ 284	\$ 2,716
Total expenditures	<u>\$ 3,000</u>	<u>\$ 3,000</u>	<u>\$ 284</u>	<u>\$ 2,716</u>
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ 1,290	\$ 1,290
Net change in fund balances	\$ -	\$ -	\$ 1,290	\$ 1,290
Fund balances - beginning	-	-	23,220	23,220
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,510</u>	<u>\$ 24,510</u>

County of Sussex, Virginia
 Combining Statement of Fiduciary Net Assets
 Fiduciary Funds
 June 30, 2009

	Agency Funds				Private Purpose Trust Funds				
	Special Welfare	Sheriff Information	Jail Inmate	Total	Robert Mitchell Scholarship	Rotary Scholarship	Richard Clements Moore III Scholarship	Millard Stith Family Scholarship	Total
ASSETS									
Cash and cash equivalents	\$ 1,620	\$ 2,374	\$ 6,219	\$ 10,213	\$ 31,725	\$ 25,634	\$ 22,311	\$ 10,809	\$ 90,479
Total assets	\$ 1,620	\$ 2,374	\$ 6,219	\$ 10,213	\$ 31,725	\$ 25,634	\$ 22,311	\$ 10,809	\$ 90,479
LIABILITIES									
Amounts held for social services clients	\$ 1,620	\$ -	\$ -	\$ 1,620	\$ -	\$ -	\$ -	\$ -	\$ -
Amounts held for others	-	2,374	-	2,374	-	-	-	-	-
Amounts held for inmates	-	-	6,219	6,219	-	-	-	-	-
Total liabilities	\$ 1,620	\$ 2,374	\$ 6,219	\$ 10,213	\$ -	\$ -	\$ -	\$ -	\$ -
NET ASSETS									
Amounts held in trust for scholarships	\$ -	\$ -	\$ -	\$ -	\$ 31,725	\$ 25,634	\$ 22,311	\$ 10,809	\$ 90,479
Total net assets	\$ -	\$ -	\$ -	\$ -	\$ 31,725	\$ 25,634	\$ 22,311	\$ 10,809	\$ 90,479
Total liabilities and net assets	\$ 1,620	\$ 2,374	\$ 6,219	\$ 10,213	\$ 31,725	\$ 25,634	\$ 22,311	\$ 10,809	\$ 90,479

County of Sussex, Virginia

Fiduciary Funds
Statement of Changes in Assets and Liabilities - Agency Funds
For the Year Ended June 30, 2009

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance End of Year</u>
Special Welfare Fund:				
Assets:				
Cash and cash equivalents	\$ 1,006	\$ 15,076	\$ 14,462	\$ 1,620
Liabilities:				
Amounts held for social services clients	\$ 1,006	\$ 15,076	\$ 14,462	\$ 1,620
Sheriff Information Fund:				
Assets:				
Cash and cash equivalents	\$ 4,374	\$ 52,273	\$ 54,273	\$ 2,374
Total assets	\$ 4,374	\$ 52,273	\$ 54,273	\$ 2,374
Liabilities:				
Amounts held for others	\$ 4,374	\$ 52,273	\$ 54,273	\$ 2,374
Total liabilities	\$ 4,374	\$ 52,273	\$ 54,273	\$ 2,374
Jail Inmate Fund:				
Assets:				
Cash and cash equivalents	\$ 3,428	\$ 60,487	\$ 57,696	\$ 6,219
Liabilities:				
Amounts held for inmates	\$ 3,428	\$ 60,487	\$ 57,696	\$ 6,219
Totals -- All Agency Funds				
Assets:				
Cash and cash equivalents	\$ 8,808	\$ 127,836	\$ 126,431	\$ 10,213
Total assets	\$ 8,808	\$ 127,836	\$ 126,431	\$ 10,213
Liabilities:				
Amounts held for inmates	\$ 3,428	\$ 60,487	\$ 57,696	\$ 6,219
Amounts held for others	4,374	52,273	54,273	2,374
Amounts held for social services clients	1,006	15,076	14,462	1,620
Total liabilities	\$ 8,808	\$ 127,836	\$ 126,431	\$ 10,213

*DISCRETELY PRESENTED COMPONENT UNIT
SCHOOL BOARD*

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County of Sussex, Virginia
Combining Balance Sheet
Discretely Presented Component Unit - School Board
June 30, 2009

	School Operating Fund	School Special Revenue Fund	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 876,788	\$ 336,371	\$ 1,213,159
Receivables (net of allowance for uncollectibles):			
Accounts receivable	6,956	7,828	14,784
Due from other governmental units	193,957	25,034	218,991
Prepaid items	125,726	-	125,726
Total assets	<u>\$ 1,203,427</u>	<u>\$ 369,233</u>	<u>\$ 1,572,660</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 189,065	\$ 10,352	\$ 199,417
Accrued liabilities	982,366	48,639	1,031,005
Due to other governmental units	31,996	-	31,996
Total liabilities	<u>\$ 1,203,427</u>	<u>\$ 58,991</u>	<u>\$ 1,262,418</u>
Fund balances:			
Unreserved:			
Undesignated	\$ -	\$ 310,242	\$ 310,242
Total fund balances	<u>\$ -</u>	<u>\$ 310,242</u>	<u>\$ 310,242</u>
Total liabilities and fund balances	<u>\$ 1,203,427</u>	<u>\$ 369,233</u>	<u>\$ 1,572,660</u>

Amounts reported for governmental activities in the Statement of Net Assets (Exhibit 1) are different because:

Total fund balances per above	\$ 310,242
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	10,262,901
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(1,751,911)
Net assets of governmental activities	<u>\$ 8,821,232</u>

County of Sussex, Virginia
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds - Discretely Presented Component Unit - School Board
For the Year Ended June 30, 2009

	School Operating Fund	School Special Revenue Fund	Total Governmental Funds
REVENUES			
Revenue from the use of money and property	\$ 3,431	\$ 2,820	\$ 6,251
Charges for services	-	326,252	326,252
Miscellaneous	233,594	3,905	237,499
Intergovernmental revenues:			
Local government	8,226,076	-	8,226,076
Commonwealth	9,240,342	112,192	9,352,534
Federal	1,233,513	602,060	1,835,573
Total revenues	<u>\$ 18,936,956</u>	<u>\$ 1,047,229</u>	<u>\$ 19,984,185</u>
EXPENDITURES			
Current:			
Education	\$ 18,769,146	\$ 1,017,604	\$ 19,786,750
Debt service:			
Principal retirement	36,698	-	36,698
Interest and other fiscal charges	89,028	-	89,028
Total expenditures	<u>\$ 18,894,872</u>	<u>\$ 1,017,604</u>	<u>\$ 19,912,476</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 42,084</u>	<u>\$ 29,625</u>	<u>\$ 71,709</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	\$ -	\$ 42,084	\$ 42,084
Transfers out	(42,084)	-	(42,084)
Total other financing sources and uses	<u>\$ (42,084)</u>	<u>\$ 42,084</u>	<u>\$ -</u>
Net change in fund balances	\$ -	\$ 71,709	\$ 71,709
Fund balances - beginning	-	238,533	238,533
Fund balances - ending	<u>\$ -</u>	<u>\$ 310,242</u>	<u>\$ 310,242</u>

Amounts reported for governmental activities in the Statement of Activities (Exhibit 2) are different because:

Net change in fund balances - total governmental funds - per above \$ 71,709

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the capital outlays exceeded depreciation in the current period. 268,301

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. 36,698

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds.

(Increase) decrease in compensated absences	\$ (5,627)	
(Increase) decrease in OPEB Liability	<u>(10,000)</u>	(15,627)

Change in net assets of governmental activities \$ 361,081

County of Sussex, Virginia
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Discretely Presented Component Unit - School Board
For the Year Ended June 30, 2009

	<u>School Operating Fund</u>			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	<u>Original</u>	<u>Final</u>		
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ 3,431	\$ 3,431
Miscellaneous	154,700	154,700	233,594	78,894
Intergovernmental revenues:				
Local government	8,144,170	8,144,170	8,226,076	81,906
Commonwealth	9,724,828	9,724,828	9,240,342	(484,486)
Federal	1,389,467	1,389,467	1,233,513	(155,954)
Total revenues	<u>\$ 19,413,165</u>	<u>\$ 19,413,165</u>	<u>\$ 18,936,956</u>	<u>\$ (476,209)</u>
EXPENDITURES				
Current:				
Education	\$ 19,371,081	\$ 19,371,081	\$ 18,769,146	\$ 601,935
Debt service:				
Principal retirement	-	-	36,698	(36,698)
Interest and other fiscal charges	-	-	89,028	(89,028)
Total expenditures	<u>\$ 19,371,081</u>	<u>\$ 19,371,081</u>	<u>\$ 18,894,872</u>	<u>\$ 476,209</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 42,084</u>	<u>\$ 42,084</u>	<u>\$ 42,084</u>	<u>\$ -</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	\$ (42,084)	\$ (42,084)	\$ (42,084)	\$ -
Total other financing sources and uses	<u>\$ (42,084)</u>	<u>\$ (42,084)</u>	<u>\$ (42,084)</u>	<u>\$ -</u>
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	-	-	-	-
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

County of Sussex, Virginia
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Special Revenue Fund - Discretely Presented Component Unit - School Board
For the Year Ended June 30, 2009

	School Special Revenue Fund			
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ 2,820	\$ 2,820
Charges for services	394,381	394,381	326,252	(68,129)
Miscellaneous	-	-	3,905	3,905
Intergovernmental revenues:				
Commonwealth	116,482	116,482	112,192	(4,290)
Federal	487,913	487,913	602,060	114,147
Total revenues	<u>\$ 998,776</u>	<u>\$ 998,776</u>	<u>\$ 1,047,229</u>	<u>\$ 48,453</u>
EXPENDITURES				
Current:				
Education	\$ 1,040,860	\$ 1,040,860	\$ 1,017,604	\$ 23,256
Total expenditures	<u>\$ 1,040,860</u>	<u>\$ 1,040,860</u>	<u>\$ 1,017,604</u>	<u>\$ 23,256</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (42,084)</u>	<u>\$ (42,084)</u>	<u>\$ 29,625</u>	<u>\$ 71,709</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 42,084	\$ 42,084	\$ 42,084	\$ -
Total other financing sources and uses	<u>\$ 42,084</u>	<u>\$ 42,084</u>	<u>\$ 42,084</u>	<u>\$ -</u>
Net change in fund balances	\$ -	\$ -	\$ 71,709	\$ 71,709
Fund balances - beginning	-	-	238,533	238,533
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 310,242</u>	<u>\$ 310,242</u>

SUPPORTING SCHEDULES

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County of Sussex, Virginia
 Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2009

Schedule 1
 Page 1 of 6

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 4,272,000	\$ 4,272,000	\$ 4,221,374	\$ (50,626)
Real and personal public service corporation taxes	367,700	367,700	310,918	(56,782)
Personal property taxes	1,950,930	1,950,930	1,908,173	(42,757)
Mobile home taxes	35,000	35,000	37,397	2,397
Machinery and tools taxes	1,060,000	1,060,000	1,046,506	(13,494)
Merchants capital taxes	83,500	83,500	89,616	6,116
Penalties	122,400	122,400	91,456	(30,944)
Interest	12,000	12,000	15,216	3,216
Total general property taxes	<u>\$ 7,903,530</u>	<u>\$ 7,903,530</u>	<u>\$ 7,720,656</u>	<u>\$ (182,874)</u>
Other local taxes:				
Local sales and use taxes	\$ 535,605	\$ 535,605	\$ 536,973	\$ 1,368
Consumers' utility taxes	95,000	95,000	97,204	2,204
Consumption tax	50,000	50,000	51,676	1,676
Cable franchise taxes	1,100	1,100	834	(266)
Business license taxes	-	-	180	180
Communications taxes	204,000	204,000	182,750	(21,250)
Motor vehicle licenses	210,000	210,000	183,648	(26,352)
Bank stock taxes	6,000	6,000	5,376	(624)
Taxes on recordation and wills	-	-	44,499	44,499
Total other local taxes	<u>\$ 1,101,705</u>	<u>\$ 1,101,705</u>	<u>\$ 1,103,140</u>	<u>\$ 1,435</u>
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 6,000	\$ 6,000	\$ 10,090	\$ 4,090
Transfer fees	550	550	406	(144)
Permits and other licenses	122,100	122,100	69,730	(52,370)
Total permits, privilege fees, and regulatory licenses	<u>\$ 128,650</u>	<u>\$ 128,650</u>	<u>\$ 80,226</u>	<u>\$ (48,424)</u>
Fines and forfeitures:				
Court fines and forfeitures	\$ 536,000	\$ 536,000	\$ 440,304	\$ (95,696)
Total fines and forfeitures	<u>\$ 536,000</u>	<u>\$ 536,000</u>	<u>\$ 440,304</u>	<u>\$ (95,696)</u>
Revenue from use of money and property:				
Revenue from use of money	\$ 350,000	\$ 350,000	\$ 272,172	\$ (77,828)
Revenue from use of property	60,100	60,100	84,924	24,824
Total revenue from use of money and property	<u>\$ 410,100</u>	<u>\$ 410,100</u>	<u>\$ 357,096</u>	<u>\$ (53,004)</u>
Charges for services:				
Sheriff fees	\$ 665	\$ 665	\$ 665	\$ -
Charges for court costs	2,300	2,300	3,157	857
Charges for Commonwealth's Attorney	500	500	610	110
Courthouse security fees	100,000	100,000	182,029	82,029
Excess fees of clerk	24,000	22,012	(1,988)	(24,000)
Charges for correction and detention	29,700	29,700	35,964	6,264
Charges for other protection	700	700	1,783	1,083
Charges for sanitation and waste removal:				
Tipping fees	9,000,000	9,000,000	6,843,032	(2,156,968)
Quality control fees	205,000	205,000	175,533	(29,467)
Charges for community development	1,800	1,800	13,648	11,848
Total charges for services	<u>\$ 9,364,665</u>	<u>\$ 9,362,677</u>	<u>\$ 7,254,433</u>	<u>\$ (2,108,244)</u>
Miscellaneous revenue:				
Miscellaneous	\$ 56,180	\$ 56,180	\$ 156,820	\$ 100,640

County of Sussex, Virginia
 Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2009

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Revenue from local sources: (Continued)				
Recovered costs:				
Wakefield sheriff patrol	\$ 58,000	\$ 58,000	\$ 63,855	\$ 5,855
Jurors	2,500	2,500	10,235	7,735
Jail clean up	23,000	23,000	5,871	(17,129)
Medical expense-sheriff	6,000	6,000	1,937	(4,063)
Clerk of the circuit court	800	800	752	(48)
Social security bounty	900	900	3,400	2,500
Indoor plumbing	31,200	31,200	23,580	(7,620)
CDBG housing loan payments	-	-	10,432	10,432
Health department	3,500	3,500	1,540	(1,960)
VHDA	144,000	144,000	102,718	(41,282)
School resource officer	25,000	25,000	-	(25,000)
Trash collections - school board	70,000	70,000	99,377	29,377
Total recovered costs	<u>\$ 364,900</u>	<u>\$ 364,900</u>	<u>\$ 323,697</u>	<u>\$ (41,203)</u>
Total revenue from local sources	<u>\$ 19,865,730</u>	<u>\$ 19,863,742</u>	<u>\$ 17,436,372</u>	<u>\$ (2,427,370)</u>
Revenue from the Commonwealth:				
Noncategorical aid:				
ABC profits	\$ 5,150	\$ 5,150	\$ -	\$ (5,150)
Wine taxes	5,398	5,398	-	(5,398)
Rolling stock tax	67,000	67,000	76,644	9,644
Mobile home titling tax	8,000	8,000	26,142	18,142
Taxes on deeds	95,000	95,000	9,498	(85,502)
Motor vehicle rental tax	650	650	804	154
Payment in lieu of taxes-prison	430,000	430,000	483,850	53,850
State recordation tax	23,000	23,000	14,332	(8,668)
Personal property tax relief funds	997,000	997,000	1,073,194	76,194
Total noncategorical aid	<u>\$ 1,631,198</u>	<u>\$ 1,631,198</u>	<u>\$ 1,684,464</u>	<u>\$ 53,266</u>
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 243,888	\$ 243,888	\$ 235,238	\$ (8,650)
Sheriff	1,387,308	1,387,308	1,311,500	(75,808)
Commissioner of revenue	87,664	87,664	85,237	(2,427)
Treasurer	106,670	106,670	102,924	(3,746)
Medical examiner	150	150	-	(150)
Registrar/electoral board	51,500	51,500	47,003	(4,497)
Clerk of circuit court	182,257	182,257	181,621	(636)
Local jails	158,000	158,000	220,183	62,183
Total shared expenses	<u>\$ 2,217,437</u>	<u>\$ 2,217,437</u>	<u>\$ 2,183,706</u>	<u>\$ (33,731)</u>
Other categorical aid:				
Public assistance and welfare administration	\$ 577,112	\$ 577,112	\$ 630,812	\$ 53,700
Fire programs fund	21,000	21,000	-	(21,000)
Litter control	-	-	6,337	6,337
Clerk's records grant	-	-	4,875	4,875
Comprehensive services act	617,436	617,436	512,514	(104,922)
Indoor plumbing	96,500	96,500	-	(96,500)
Animal friendly plates	-	-	19	19
Emergency medical services	7,862	7,862	16,439	8,577
Wireless funds	50,000	50,000	44,519	(5,481)
Local law enforcement grant	-	-	5,463	5,463
Arts grant	5,000	5,000	-	(5,000)
Victim-witness grant	61,500	61,500	49,774	(11,726)
Tobacco commission	60,957	60,957	35,355	(25,602)

County of Sussex, Virginia
 Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2009

Schedule 1
 Page 3 of 6

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Revenue from the Commonwealth: (Continued)				
Categorical aid: (Continued)				
GOSAP	\$ -	\$ -	\$ 4,283	\$ 4,283
Forfeited assets	-	-	46,342	46,342
Total other categorical aid	<u>\$ 1,497,367</u>	<u>\$ 1,497,367</u>	<u>\$ 1,356,732</u>	<u>\$ (140,635)</u>
Total categorical aid	<u>\$ 3,714,804</u>	<u>\$ 3,714,804</u>	<u>\$ 3,540,438</u>	<u>\$ (174,366)</u>
Total revenue from the Commonwealth	<u>\$ 5,346,002</u>	<u>\$ 5,346,002</u>	<u>\$ 5,224,902</u>	<u>\$ (121,100)</u>
Revenue from the federal government:				
Categorical aid:				
Public assistance and welfare administration	\$ 1,139,777	\$ 1,139,777	\$ 1,245,833	\$ 106,056
State homeland security	-	-	3,697	3,697
Community development block grant	300,000	300,000	176,782	(123,218)
GOSAP	-	-	3,742	3,742
Title IV-E Rev Max	-	-	25,246	25,246
Transportation safety	-	-	7,760	7,760
Total categorical aid	<u>\$ 1,439,777</u>	<u>\$ 1,439,777</u>	<u>\$ 1,463,060</u>	<u>\$ 23,283</u>
Total revenue from the federal government	<u>\$ 1,439,777</u>	<u>\$ 1,439,777</u>	<u>\$ 1,463,060</u>	<u>\$ 23,283</u>
Total General Fund	<u>\$ 26,651,509</u>	<u>\$ 26,649,521</u>	<u>\$ 24,124,334</u>	<u>\$ (2,525,187)</u>
Special Revenue Fund:				
County Special Revenue Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 900	\$ 900	\$ 417	\$ (483)
Total revenue from use of money and property	<u>\$ 900</u>	<u>\$ 900</u>	<u>\$ 417</u>	<u>\$ (483)</u>
Charges for services:				
Law library fees	\$ 2,100	\$ 2,100	\$ 1,157	\$ (943)
Total charges for services	<u>\$ 2,100</u>	<u>\$ 2,100</u>	<u>\$ 1,157</u>	<u>\$ (943)</u>
Total revenue from local sources	<u>\$ 3,000</u>	<u>\$ 3,000</u>	<u>\$ 1,574</u>	<u>\$ (1,426)</u>
Total County Special Revenue Fund	<u>\$ 3,000</u>	<u>\$ 3,000</u>	<u>\$ 1,574</u>	<u>\$ (1,426)</u>
Capital Projects Fund:				
County Capital Projects Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 129,001	\$ 129,001	\$ 288,695	\$ 159,694
Charges for services:				
Courthouse maintenance fees	\$ 32,000	\$ 32,000	\$ 35,049	\$ 3,049
Total charges for services	<u>\$ 32,000</u>	<u>\$ 32,000</u>	<u>\$ 35,049</u>	<u>\$ 3,049</u>
Total revenue from local sources	<u>\$ 161,001</u>	<u>\$ 161,001</u>	<u>\$ 323,744</u>	<u>\$ 162,743</u>

County of Sussex, Virginia
 Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2009

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Capital Projects Fund: (Continued)				
County Capital Projects Fund: (Continued)				
Revenue from the Commonwealth:				
Categorical aid:				
School construction funds	\$ 119,089	\$ 119,089	\$ 118,852	\$ (237)
Total categorical aid	<u>\$ 119,089</u>	<u>\$ 119,089</u>	<u>\$ 118,852</u>	<u>\$ (237)</u>
Total revenue from the Commonwealth	<u>\$ 119,089</u>	<u>\$ 119,089</u>	<u>\$ 118,852</u>	<u>\$ (237)</u>
Total County Capital Projects Fund	<u>\$ 280,090</u>	<u>\$ 280,090</u>	<u>\$ 442,596</u>	<u>\$ 162,506</u>
Total Primary Government	<u>\$ 26,934,599</u>	<u>\$ 26,932,611</u>	<u>\$ 24,568,504</u>	<u>\$ (2,364,107)</u>
Discretely Presented Component Unit - School Board:				
School Operating Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of property	\$ -	\$ -	\$ 3,431	\$ 3,431
Total revenue from use of money and property	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,431</u>	<u>\$ 3,431</u>
Miscellaneous revenue:				
Miscellaneous	\$ 154,700	\$ 154,700	\$ 233,594	\$ 78,894
Total revenue from local sources	<u>\$ 154,700</u>	<u>\$ 154,700</u>	<u>\$ 237,025</u>	<u>\$ 82,325</u>
Intergovernmental revenues:				
Revenues from local governments:				
Contribution from County of Sussex	\$ 8,144,170	\$ 8,144,170	\$ 8,226,076	\$ 81,906
Total revenues from local governments	<u>\$ 8,144,170</u>	<u>\$ 8,144,170</u>	<u>\$ 8,226,076</u>	<u>\$ 81,906</u>
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 1,358,070	\$ 1,358,070	\$ 1,210,365	\$ (147,705)
Basic school aid	5,025,359	5,025,359	4,796,222	(229,137)
Remedial summer education	99,289	99,289	87,207	(12,082)
Gifted and talented	40,765	40,765	38,727	(2,038)
Remedial education	285,354	285,354	271,091	(14,263)
Special education	783,591	783,591	744,424	(39,167)
GED funding	7,859	7,859	7,859	-
Vocational education	101,937	101,937	99,004	(2,933)
School fringes	659,485	659,485	626,521	(32,964)
Mentor teacher program	-	-	8,873	8,873
State lottery payments	215,836	215,836	170,942	(44,894)
Early reading intervention	37,559	37,559	37,559	-
English as a second language	-	-	17,290	17,290
Enrollment loss	84,175	84,175	212,564	128,389
Special education - foster children	3,026	3,026	16,574	13,548
Special education - private tuition	53,566	53,566	48,748	(4,818)
At risk payments	388,812	388,812	369,269	(19,543)

County of Sussex, Virginia
 Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2009

Schedule 1
 Page 5 of 6

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board: (continued)				
School Operating Fund: (continued)				
Revenue from the Commonwealth: (Continued)				
Categorical aid: (Continued)				
Standards of Learning algebra readiness	\$ 27,080	\$ 27,080	\$ 24,871	\$ (2,209)
Primary class size	260,458	260,458	243,144	(17,314)
Educational technology	256,590	256,590	180,030	(76,560)
Homebound	8,844	8,844	15,698	6,854
Other state funds	27,173	27,173	13,360	(13,813)
Total categorical aid	<u>\$ 9,724,828</u>	<u>\$ 9,724,828</u>	<u>\$ 9,240,342</u>	<u>\$ (484,486)</u>
Revenue from the federal government:				
Categorical aid:				
Title I	\$ 450,384	\$ 450,384	\$ 663,151	\$ 212,767
Title VI-B, special education flow-through	583,538	583,538	420,908	(162,630)
Vocational education	36,502	36,502	9,621	(26,881)
Title VI-B, special education pre-school	-	-	555	555
Drug free schools	8,136	8,136	7,869	(267)
Title V	5,193	5,193	1,045	(4,148)
Title II Part A	127,475	127,475	65,822	(61,653)
Gear up	-	-	18,664	18,664
Title II Part D	-	-	3,331	3,331
JROTC	53,000	53,000	42,547	(10,453)
Other federal funds	125,239	125,239	-	(125,239)
Total categorical aid	<u>\$ 1,389,467</u>	<u>\$ 1,389,467</u>	<u>\$ 1,233,513</u>	<u>\$ (155,954)</u>
Total School Operating Fund	<u>\$ 19,413,165</u>	<u>\$ 19,413,165</u>	<u>\$ 18,936,956</u>	<u>\$ (476,209)</u>
School Special Revenue Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 2,820	\$ 2,820
Total revenue from use of money and property	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,820</u>	<u>\$ 2,820</u>
Charges for services:				
Cafeteria sales	\$ 394,381	\$ 394,381	\$ 326,252	\$ (68,129)
Total charges for services	<u>\$ 394,381</u>	<u>\$ 394,381</u>	<u>\$ 326,252</u>	<u>\$ (68,129)</u>
Miscellaneous revenue:				
Miscellaneous	\$ -	\$ -	\$ 3,905	\$ 3,905
Total miscellaneous revenue	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,905</u>	<u>\$ 3,905</u>
Total revenue from local sources	<u>\$ 394,381</u>	<u>\$ 394,381</u>	<u>\$ 332,977</u>	<u>\$ (61,404)</u>
Intergovernmental revenues:				
Revenue from the Commonwealth:				
Categorical aid:				
School food program	\$ 9,116	\$ 9,116	\$ 10,193	\$ 1,077
Textbook payment	107,366	107,366	101,999	(5,367)
Total categorical aid	<u>\$ 116,482</u>	<u>\$ 116,482</u>	<u>\$ 112,192</u>	<u>\$ (4,290)</u>
Total revenue from the Commonwealth	<u>\$ 116,482</u>	<u>\$ 116,482</u>	<u>\$ 112,192</u>	<u>\$ (4,290)</u>

County of Sussex, Virginia
 Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2009

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board: (continued)				
School Special Revenue Fund: (Continued)				
Intergovernmental revenues: (Continued)				
Revenue from the federal government:				
Categorical aid:				
School food program	\$ 487,913	\$ 487,913	\$ 530,077	\$ 42,164
Commodities	-	-	42,833	\$ 42,833
Summer feeding	-	-	29,150	29,150
Total categorical aid	<u>\$ 487,913</u>	<u>\$ 487,913</u>	<u>\$ 602,060</u>	<u>\$ 114,147</u>
Total revenue from the federal government	<u>\$ 487,913</u>	<u>\$ 487,913</u>	<u>\$ 602,060</u>	<u>\$ 114,147</u>
Total School Special Revenue Fund	<u>\$ 998,776</u>	<u>\$ 998,776</u>	<u>\$ 1,047,229</u>	<u>\$ 48,453</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 20,411,941</u>	<u>\$ 20,411,941</u>	<u>\$ 19,984,185</u>	<u>\$ (427,756)</u>

County of Sussex, Virginia
 Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2009

Schedule 2
 Page 1 of 4

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
General government administration:				
Legislative:				
Board of supervisors	\$ 113,401	\$ 211,701	\$ 198,807	\$ 12,894
General and financial administration:				
County administrator	\$ 746,577	\$ 746,577	\$ 588,442	\$ 158,135
Legal services	125,748	125,748	122,854	2,894
Commissioner of revenue	269,370	269,370	226,920	42,450
Treasurer	319,666	319,666	296,531	23,135
Other general and financial administration	40,825	92,914	114,602	(21,688)
Total general and financial administration	<u>\$ 1,502,186</u>	<u>\$ 1,554,275</u>	<u>\$ 1,349,349</u>	<u>\$ 204,926</u>
Board of elections:				
Electoral board and officials	\$ 152,498	\$ 152,498	\$ 150,383	\$ 2,115
Total general government administration	<u>\$ 1,768,085</u>	<u>\$ 1,918,474</u>	<u>\$ 1,698,539</u>	<u>\$ 219,935</u>
Judicial administration:				
Courts:				
Circuit court	\$ 28,940	\$ 28,940	\$ 37,064	\$ (8,124)
General district court	13,000	13,000	13,329	(329)
Special magistrates	4,967	4,967	3,978	989
Juvenile and domestic relations court	7,600	7,600	7,553	47
Sheriff	105,225	105,225	156,418	(51,193)
Victim witness	63,681	63,681	62,188	1,493
Clerk of the circuit court	317,823	317,823	382,417	(64,594)
Total courts	<u>\$ 541,236</u>	<u>\$ 541,236</u>	<u>\$ 662,947</u>	<u>\$ (121,711)</u>
Commonwealth's attorney:				
Commonwealth's attorney	\$ 419,884	\$ 419,884	\$ 419,585	\$ 299
Total commonwealth's attorney	<u>\$ 419,884</u>	<u>\$ 419,884</u>	<u>\$ 419,585</u>	<u>\$ 299</u>
Total judicial administration	<u>\$ 961,120</u>	<u>\$ 961,120</u>	<u>\$ 1,082,532</u>	<u>\$ (121,412)</u>
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 1,579,721	\$ 1,719,364	\$ 1,659,749	\$ 59,615
School resource officer grant	102,068	102,068	98,222	3,846
Crater criminal justice academy	15,837	15,837	15,837	-
911 services	211,855	211,855	210,027	1,828
Wakefield operations	57,034	57,034	52,368	4,666
Total law enforcement and traffic control	<u>\$ 1,966,515</u>	<u>\$ 2,106,158</u>	<u>\$ 2,036,203</u>	<u>\$ 69,955</u>
Fire and rescue services:				
Fire department	\$ 308,438	\$ 310,638	\$ 311,332	\$ (694)
Ambulance and rescue services	814,220	814,220	593,393	220,827
Forest fire extinction services	16,136	16,136	16,136	-
Emergency services	142,111	142,111	115,819	26,292
Total fire and rescue services	<u>\$ 1,280,905</u>	<u>\$ 1,283,105</u>	<u>\$ 1,036,680</u>	<u>\$ 246,425</u>
Correction and detention:				
Confinement and care of prisoners	\$ 1,562,790	\$ 1,589,060	\$ 1,876,258	\$ (287,198)
Juvenile probation and detention	83,321	83,321	101,488	(18,167)
Total correction and detention	<u>\$ 1,646,111</u>	<u>\$ 1,672,381</u>	<u>\$ 1,977,746</u>	<u>\$ (305,365)</u>
Inspections:				
Building	\$ 211,314	\$ 211,314	\$ 194,451	\$ 16,863
Total inspections	<u>\$ 211,314</u>	<u>\$ 211,314</u>	<u>\$ 194,451</u>	<u>\$ 16,863</u>

County of Sussex, Virginia
 Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2009

Schedule 2
 Page 2 of 4

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Public safety: (Continued)				
Other protection:				
Animal control	\$ 143,394	\$ 143,394	\$ 207,313	\$ (63,919)
Total other protection	<u>\$ 143,394</u>	<u>\$ 143,394</u>	<u>\$ 207,313</u>	<u>\$ (63,919)</u>
Total public safety	<u>\$ 5,248,239</u>	<u>\$ 5,416,352</u>	<u>\$ 5,452,393</u>	<u>\$ (36,041)</u>
Public works:				
Sanitation and waste removal:				
Refuse disposal	\$ 228,850	\$ 228,850	\$ 221,653	\$ 7,197
Total sanitation and waste removal	<u>\$ 228,850</u>	<u>\$ 228,850</u>	<u>\$ 221,653</u>	<u>\$ 7,197</u>
Maintenance of general buildings and grounds:				
General properties	\$ 576,493	\$ 576,493	\$ 580,723	\$ (4,230)
General works	119,800	119,800	56,464	63,336
Total maintenance of general buildings and grounds	<u>\$ 696,293</u>	<u>\$ 696,293</u>	<u>\$ 637,187</u>	<u>\$ 59,106</u>
Total public works	<u>\$ 925,143</u>	<u>\$ 925,143</u>	<u>\$ 858,840</u>	<u>\$ 66,303</u>
Health and welfare:				
Health:				
Supplement of local health department	\$ 183,825	\$ 183,825	\$ 166,754	\$ 17,071
Total health	<u>\$ 183,825</u>	<u>\$ 183,825</u>	<u>\$ 166,754</u>	<u>\$ 17,071</u>
Mental health and mental retardation:				
Community services board	\$ 61,339	\$ 61,339	\$ 61,339	\$ -
Total mental health and mental retardation	<u>\$ 61,339</u>	<u>\$ 61,339</u>	<u>\$ 61,339</u>	<u>\$ -</u>
Welfare:				
Public assistance and welfare administration	\$ 2,098,670	\$ 2,098,670	\$ 2,370,575	\$ (271,905)
Area agency on aging	11,997	11,997	11,997	-
Other social services	77,440	77,440	76,947	493
Comprehensive services act	775,436	775,436	782,584	(7,148)
Total welfare	<u>\$ 2,963,543</u>	<u>\$ 2,963,543</u>	<u>\$ 3,242,103</u>	<u>\$ (278,560)</u>
Total health and welfare	<u>\$ 3,208,707</u>	<u>\$ 3,208,707</u>	<u>\$ 3,470,196</u>	<u>\$ (261,489)</u>
Education:				
Other instructional costs:				
Contributions to Community Colleges	\$ 10,742	\$ 10,742	\$ 10,742	\$ -
Tri-City literacy council	2,000	2,000	2,000	-
Contribution to County School Board	8,144,170	8,144,170	8,226,076	(81,906)
Total education	<u>\$ 8,156,912</u>	<u>\$ 8,156,912</u>	<u>\$ 8,238,818</u>	<u>\$ (81,906)</u>
Parks, recreation, and cultural:				
Parks and recreation:				
Recreation center	\$ 17,000	\$ 17,000	\$ 17,000	\$ -
Total parks and recreation	<u>\$ 17,000</u>	<u>\$ 17,000</u>	<u>\$ 17,000</u>	<u>\$ -</u>
Cultural enrichment:				
Wakefield foundation	\$ 10,000	\$ 10,000	\$ 10,000	\$ -
Carpenter museum	10,000	10,000	10,000	-
Total cultural enrichment	<u>\$ 20,000</u>	<u>\$ 20,000</u>	<u>\$ 20,000</u>	<u>\$ -</u>
Library:				
Contribution to regional library	\$ 168,488	\$ 168,488	\$ 168,488	\$ -
Total library	<u>\$ 168,488</u>	<u>\$ 168,488</u>	<u>\$ 168,488</u>	<u>\$ -</u>
Total parks, recreation, and cultural	<u>\$ 205,488</u>	<u>\$ 205,488</u>	<u>\$ 205,488</u>	<u>\$ -</u>

County of Sussex, Virginia
 Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2009

Schedule 2
 Page 3 of 4

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Community development:				
Planning and community development:				
Planning and zoning	\$ 249,824	\$ 249,824	\$ 214,867	\$ 34,957
Industrial development authority	11,150	11,150	383	10,767
Planning district commission	9,801	9,801	9,801	-
Disaster recovery	-	-	(1,000)	1,000
Economic development	30,963	30,963	30,963	-
Indoor plumbing	127,700	127,700	12,184	115,516
Wakefield airport commission	5,000	5,000	5,000	-
Housing assistance and other	225,857	225,857	202,577	23,280
Total planning and community development	<u>\$ 660,295</u>	<u>\$ 660,295</u>	<u>\$ 474,775</u>	<u>\$ 185,520</u>
Environmental management:				
Contribution to soil and water conservation district	\$ 7,280	\$ 7,280	\$ 7,280	\$ -
Environmental inspection	211,873	211,873	172,993	38,880
Other environmental management	3,000	3,000	3,000	-
Total environmental management	<u>\$ 222,153</u>	<u>\$ 222,153</u>	<u>\$ 183,273</u>	<u>\$ 38,880</u>
Cooperative extension program:				
Extension office	\$ 68,721	\$ 68,721	\$ 64,814	\$ 3,907
Total cooperative extension program	<u>\$ 68,721</u>	<u>\$ 68,721</u>	<u>\$ 64,814</u>	<u>\$ 3,907</u>
Total community development	<u>\$ 951,169</u>	<u>\$ 951,169</u>	<u>\$ 722,862</u>	<u>\$ 228,307</u>
Capital projects:				
Sussex gardens project	\$ 400,000	\$ 400,000	\$ 128,954	\$ 271,046
Total capital projects	<u>\$ 400,000</u>	<u>\$ 400,000</u>	<u>\$ 128,954</u>	<u>\$ 271,046</u>
Total General Fund	<u>\$ 21,824,863</u>	<u>\$ 22,143,365</u>	<u>\$ 21,858,622</u>	<u>\$ 284,743</u>
Special Revenue Fund:				
County Special Revenue Fund:				
Judicial administration:				
Courts:				
Law library	\$ 3,000	\$ 3,000	\$ 284	\$ 2,716
Total judicial administration	<u>\$ 3,000</u>	<u>\$ 3,000</u>	<u>\$ 284</u>	<u>\$ 2,716</u>
Total County Special Revenue Fund	<u>\$ 3,000</u>	<u>\$ 3,000</u>	<u>\$ 284</u>	<u>\$ 2,716</u>
County Capital Projects Fund:				
Capital projects expenditures:				
Capital projects	\$ 768,091	\$ 776,591	\$ 412,562	\$ 364,029
School capital projects	1,754,089	1,754,089	2,184	1,751,905
Total capital projects	<u>\$ 2,522,180</u>	<u>\$ 2,530,680</u>	<u>\$ 414,746</u>	<u>\$ 2,115,934</u>
Debt service:				
Principal retirement	\$ 1,248,870	\$ 1,248,870	\$ 1,081,397	\$ 167,473
Interest and other fiscal charges	612,687	612,687	613,036	(349)
Total debt service	<u>\$ 1,861,557</u>	<u>\$ 1,861,557</u>	<u>\$ 1,694,433</u>	<u>\$ 167,124</u>
Total County Capital Projects Fund	<u>\$ 4,383,737</u>	<u>\$ 4,392,237</u>	<u>\$ 2,109,179</u>	<u>\$ 2,283,058</u>
Total Primary Government	<u>\$ 26,211,600</u>	<u>\$ 26,538,602</u>	<u>\$ 23,968,085</u>	<u>\$ 2,570,517</u>

County of Sussex, Virginia
 Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2009

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board:				
Special Revenue Funds:				
School Operating Fund:				
Education:				
Administration, health, and attendance	\$ 1,089,767	\$ 1,075,267	\$ 845,797	\$ 229,470
Instruction costs	14,456,132	14,480,632	13,961,932	518,700
Pupil transportation	1,880,036	1,880,036	1,974,758	(94,722)
Operation and maintenance of school plant	1,945,146	1,935,146	1,986,659	(51,513)
Total education	<u>\$ 19,371,081</u>	<u>\$ 19,371,081</u>	<u>\$ 18,769,146</u>	<u>\$ 601,935</u>
Debt service:				
Principal retirement	\$ -	\$ -	\$ 36,698	\$ (36,698)
Interest and other fiscal charges	-	-	89,028	(89,028)
Total debt service	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 125,726</u>	<u>\$ (125,726)</u>
Total School Operating Fund	<u>\$ 19,371,081</u>	<u>\$ 19,371,081</u>	<u>\$ 18,894,872</u>	<u>\$ 476,209</u>
 School Special Revenue Fund:				
Education:				
Textbooks	\$ 149,450	\$ 149,450	\$ 42,428	\$ 107,022
Commodities	-	-	42,833	(42,833)
School food services	891,410	891,410	932,343	(40,933)
Total School Special Revenue Fund	<u>\$ 1,040,860</u>	<u>\$ 1,040,860</u>	<u>\$ 1,017,604</u>	<u>\$ 23,256</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 20,411,941</u>	<u>\$ 20,411,941</u>	<u>\$ 19,912,476</u>	<u>\$ 499,465</u>

OTHER STATISTICAL INFORMATION

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Table 1

County of Sussex, Virginia
Government-Wide Expenses by Function
Last Seven Fiscal Years (1)

Fiscal Year	General Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education	Parks, Recreation, and Cultural	Community Development	Interest on Long-Term Debt	Total
2003	\$ 1,198,442	\$ 519,786	\$ 3,152,554	\$ 653,973	\$ 2,344,701	\$ 8,810,392	\$ 96,315	\$ 376,762	\$ 389,946	\$ 17,542,871
2004	1,361,340	507,145	3,664,144	1,820,962	2,204,236	5,649,819	144,742	950,838	392,059	16,695,285
2005	1,300,605	610,181	3,886,571	1,043,513	2,683,746	12,525,299	150,219	622,203	560,986	23,383,323
2006	1,418,612	914,681	4,357,806	931,467	3,052,246	14,602,012	147,446	908,138	1,167,092	27,499,500
2007	1,714,597	959,376	4,961,173	818,400	3,010,045	8,894,187	202,177	1,319,723	398,784	22,278,462
2008	1,710,415	1,099,108	5,092,001	850,360	3,157,925	3,002,544	273,141	1,270,552	529,121	16,985,167
2009	1,750,158	1,173,501	5,558,789	744,007	3,502,184	9,330,399	211,185	662,735	592,492	23,525,450

(1) Information has only been available for seven years.

Table 2

**County of Sussex, Virginia
Government-Wide Revenues
Last Seven Fiscal Years (1)**

Fiscal Year	PROGRAM REVENUES				GENERAL REVENUES							Total
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		General Property Taxes	Other Local Taxes	Unrestricted Investment Earnings	Miscellaneous	Grants and Contributions Not Restricted to Specific Programs	Gain (Loss) on Disposal of Capital Assets		
2003	\$ 4,765,798	\$ 3,760,356	\$ 418,556	\$ 5,489,030	\$ 958,067	\$ 169,215	\$ 94,888	\$ 1,220,991	\$ -	\$ 16,876,901		
2004	8,710,395	4,113,501	-	6,051,751	966,414	121,456	43,979	1,241,805	-	21,249,301		
2005	9,707,376	4,452,212	-	5,644,934	1,039,419	269,551	68,853	1,264,333	-	22,446,678		
2006	10,155,481	4,330,399	438,841	6,107,518	1,044,356	592,247	114,820	1,654,751	-	24,438,413		
2007	10,439,597	4,491,605	307,875	7,139,978	1,144,545	670,959	110,145	1,491,852	-	25,796,556		
2008	9,862,743	4,608,191	702,126	7,013,522	1,153,991	756,429	191,874	1,541,056	(9,608)	25,820,324		
2009	7,811,169	4,826,716	295,634	7,763,119	1,103,140	646,208	156,820	1,684,464	-	24,287,270		

(1) Information has only been available for seven years.

Table 3

County of Sussex, Virginia
General Governmental Expenditures by Function (1,3)
Last Ten Fiscal Years

Fiscal Year	General Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education (2)	Parks, Recreation, and Cultural	Community Development	Debt Service	Total
2000	\$ 957,030	\$ 371,764	\$ 2,525,773	\$ 589,031	\$ 1,783,652	\$ 13,261,669	\$ 88,911	\$ 763,384	\$ 690,129	\$ 21,031,343
2001	871,929	415,965	2,944,794	515,852	1,845,632	13,376,782	112,211	681,730	841,532	21,606,427
2002	994,317	431,833	3,068,499	516,936	2,044,519	13,736,569	107,479	429,534	1,354,681	22,684,367
2003	1,198,431	438,933	3,090,591	578,565	2,299,042	14,791,172	120,977	427,536	1,370,076	24,315,323
2004	1,315,792	430,845	3,458,793	728,143	2,168,683	14,566,835	132,779	959,892	1,531,898	25,293,660
2005	1,629,338	523,523	4,024,068	707,736	2,656,511	17,351,573	146,824	654,135	1,471,231	29,164,939
2006	1,495,299	791,107	4,204,936	979,719	3,035,962	17,944,854	144,824	946,128	6,057,294	35,600,123
2007	1,520,901	830,161	4,991,684	913,695	3,028,519	19,622,909	166,566	943,953	3,353,526	35,371,914
2008	1,691,150	945,586	5,281,250	945,854	3,115,853	19,859,874	267,376	964,018	1,296,331	34,367,292
2009	1,698,539	1,082,816	5,452,393	858,840	3,470,196	19,799,492	205,488	722,862	1,820,159	35,110,785

(1) Includes General and Special Revenue funds of the Primary Government and its Discretely Presented Component Unit.

(2) Excludes contribution from Primary Government to Discretely Presented Component Unit.

(3) Excludes Capital Projects funds, with the exception of debt service.

Table 4

County of Sussex, Virginia
General Governmental Revenues by Source (1,3)
Last Ten Fiscal Years

Fiscal Year	General Property Taxes	Other Local Taxes	Permits, Privilege Fees, Regulatory Licenses	Fines and Forfeitures	Revenue from the Use of Money and Property	Charges for Services	Miscellaneous	Recovered Costs	Inter-governmental (2)	Total
2000	\$ 5,337,214	\$ 893,865	\$ 46,704	\$ 172,973	\$ 305,305	\$ 1,792,885	\$ 182,337	\$ 460,200	\$ 11,499,325	\$ 20,690,808
2001	5,543,684	952,691	46,065	160,402	281,892	3,702,840	352,242	148,840	12,683,090	23,871,746
2002	5,420,707	940,683	51,170	212,786	175,684	3,623,018	177,371	153,752	14,022,043	24,777,214
2003	5,679,322	958,067	47,342	356,083	124,219	4,621,142	237,146	169,707	12,614,800	24,807,828
2004	5,951,838	966,414	53,016	411,681	86,507	8,515,924	221,001	252,281	13,130,620	29,589,282
2005	5,678,595	1,039,419	79,932	563,774	155,555	9,370,612	292,425	316,344	14,901,450	32,398,106
2006	6,152,665	1,044,356	102,960	780,269	429,023	9,560,050	227,692	226,664	16,577,463	35,101,142
2007	7,050,851	1,144,545	119,255	760,953	490,996	9,868,990	475,353	377,086	18,689,800	38,977,829
2008	6,827,701	1,153,991	111,802	523,070	366,819	9,552,804	529,087	388,243	17,444,276	36,897,793
2009	7,720,656	1,103,140	80,226	440,304	363,764	7,581,842	394,319	323,697	17,876,069	35,884,017

(1) Includes General and Special Revenue funds of the Primary Government and its Discretely Presented Component Unit.

(2) Excludes contribution from Primary Government to Discretely Presented Component Unit.

(3) Excludes Capital Projects funds.

Table 5

County of Sussex, Virginia
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Total Tax Levy (1)	Current Tax Collections (1)	Percent of Levy Collected	Delinquent Tax Collections (1)	Total Tax Collections	Percent of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes (1,2)	Percent of Delinquent Taxes to Tax Levy
2000	\$ 5,691,184	\$ 5,462,550	95.98%	\$ 162,311	\$ 5,624,861	98.83%	\$ 437,248	7.68%
2001	6,176,669	6,030,907	97.64%	136,235	6,167,142	99.85%	378,078	6.12%
2002	6,407,246	6,238,935	97.37%	143,253	6,382,188	99.61%	390,502	6.09%
2003	6,707,970	6,508,747	97.03%	133,612	6,642,359	99.02%	240,963	3.59%
2004	6,946,501	6,758,978	97.30%	164,648	6,923,626	99.67%	302,519	4.35%
2005	6,691,942	6,497,137	97.09%	95,627	6,592,764	98.52%	372,696	5.57%
2006	7,090,204	7,031,524	99.17%	131,955	7,163,479	101.03%	250,359	3.53%
2007	7,926,042	7,827,628	98.76%	100,868	7,928,496	100.03%	229,132	2.89%
2008	7,731,894	7,854,032	101.58%	(150,054)	7,703,978	99.64%	270,581	3.50%
2009	8,793,146	8,579,157	97.57%	108,021	8,687,178	98.79%	292,461	3.33%

(1) Exclusive of penalties and interest.

(2) Includes three most current delinquent tax years.

Table 6

County of Sussex, Virginia
Assessed Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year	Real Estate (1)	Personal Property and Mobile Homes	Machinery and Tools	Merchants Capital	Public Service(2)		Total
					Real Estate	Personal Property	
2000	\$ 381,439,198	\$ 58,584,106	\$ 14,971,013	\$ 8,284,597	\$ 44,374,336	\$ 298,348	\$ 507,951,598
2001	444,221,403	60,610,361	13,978,885	7,687,320	55,929,508	282,863	582,710,340
2002	440,959,718	63,808,191	15,630,965	6,512,713	57,788,542	352,945	585,053,074
2003	442,859,108	61,831,023	16,799,605	6,412,725	57,263,547	567,622	585,733,630
2004	446,908,159	65,233,775	20,444,585	5,740,623	57,060,238	675,019	596,062,399
2005	449,569,149	61,376,208	19,619,610	6,684,265	53,738,590	591,390	591,579,212
2006	452,285,903	70,462,922	18,971,705	6,691,430	45,099,041	430,978	593,941,979
2007	759,517,159	64,742,170	21,332,385	7,087,015	70,531,378	754,449	923,964,556
2008	763,631,538	65,400,176	20,814,145	8,062,905	64,204,050	1,005,946	923,118,760
2009	783,848,824	70,531,248	21,577,440	8,979,150	51,887,667	674,605	937,498,934

(1) Real estate is assessed at 100% of fair market value.

(2) Assessed values are established by the State Corporation Commission.

Table 7

**County of Sussex, Virginia
Property Tax Rates (1)
Last Ten Fiscal Years**

Fiscal Year	Real Estate	Mobile Homes	Personal Property	Machinery and Tools	Merchants Capital
2000	\$ 0.60	\$ 0.60	\$ 4.85	\$ 4.85	\$ 1.00
2001	0.60	0.60	4.85	4.85	1.00
2002	0.60	0.60	4.85	4.85	1.00
2003	0.65	0.65	4.85	4.85	1.00
2004	0.65	0.65	4.85	4.85	1.00
2005	0.65	0.65	4.85	4.85	1.00
2006	0.65	0.65	4.85	4.85	1.00
2007	0.48	0.48	4.85	4.85	1.00
2008	0.48	0.48	4.85	4.85	1.00
2009	0.54	0.54	4.85	4.85	1.00

(1) Per \$100 of assessed value.

Table 8

County of Sussex, Virginia
Ratio of Net General Obligation Bonded Debt to
Assessed Value and Net Bonded Debt Per Capita
Last Ten Fiscal Years

Fiscal Year	Population (1)	Assessed Value (2)	Gross Bonded Debt (3)	Less:		Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
				Debt Service Monies Available	Debt Assumed by Other Localities			
2000	10,248	\$ 507,951,598	\$ 7,430,000	\$ -	\$ -	\$ 7,430,000	1.46%	\$ 725
2001	12,504	582,710,340	7,055,000	-	-	7,055,000	1.21%	564
2002	12,504	585,053,074	12,855,073	-	-	12,855,073	2.20%	1,028
2003	12,504	585,733,630	12,480,073	-	-	12,480,073	2.13%	998
2004	12,504	596,062,399	13,048,861	-	-	13,048,861	2.19%	1,044
2005	12,504	591,579,212	12,673,661	-	-	12,673,661	2.14%	1,014
2006	12,504	593,941,979	12,405,403	-	-	12,405,403	2.09%	992
2007	12,504	923,964,556	11,674,133	-	-	11,674,133	1.26%	934
2008	12,504	923,118,760	21,236,821	229,675	-	21,007,146	2.28%	1,680
2009	12,504	937,498,934	20,155,424	404,794	-	19,750,630	2.11%	1,580

(1) Bureau of Census for 1990 and Weldon Cooper Center for Public Service for 2000 Census.
(2) From Table 6.
(3) Includes all long-term general obligation bonded debt, bonded anticipation notes, and literary fund loans. Excludes revenue bonds, landfill closure/post-closure care liability, capital leases, and compensated absences.

COMPLIANCE SECTION

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ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

To The Honorable Members of the Board of Supervisors
County of Sussex
Sussex, Virginia

We have audited the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Sussex, Virginia, as of and for the year ended June 30, 2009, which collectively comprise the County of Sussex, Virginia's basic financial statements and have issued our report thereon dated January 28, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County of Sussex, Virginia's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County of Sussex, Virginia's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County of Sussex, Virginia's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the County of Sussex, Virginia's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the County of Sussex, Virginia's financial statements that is more than inconsequential will not be prevented or detected by the County of Sussex, Virginia's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the County of Sussex, Virginia's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County of Sussex, Virginia's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, the Board of Supervisors, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Robert J. Fox, CPA

Richmond, Virginia
January 28, 2010

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133

To The Honorable Members of the Board of Supervisors
County of Sussex
Sussex, Virginia

Compliance

We have audited the compliance of the County of Sussex, Virginia, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2009. The County of Sussex, Virginia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the County of Sussex, Virginia's management. Our responsibility is to express an opinion on the County of Sussex, Virginia's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County of Sussex, Virginia's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the County of Sussex, Virginia's compliance with those requirements.

In our opinion, the County of Sussex, Virginia complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

Internal Control Over Compliance

The management of the County of Sussex, Virginia is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the County of Sussex, Virginia's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County of Sussex, Virginia's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the County of Sussex, Virginia's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the County of Sussex, Virginia's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the County of Sussex, Virginia's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the Board of Supervisors, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Robyn, Fann, Cox Associates

Richmond, Virginia
January 28, 2010

County of Sussex, Virginia
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2009

Federal Grantor/State Pass - Through Grantor/ Program Title (Pass - Through Grantor's Number)	Federal Catalog Number	Expenditures
Department of Health and Human Services:		
Pass Through Payments:		
Department of Social Services:		
Promoting safe and stable families	93.556	\$ 3,155
Temporary assistance for needy families	93.558	199,335
Refugee and entrant assistance - state administered programs	93.566	459
Low income home energy assistance	93.568	12,123
Child care and development block grant	93.575	125,073
Child care mandatory and matching funds of the child care development fund	93.596	79,749
Child welfare services - state grants	93.645	1,134
Foster Care - Title IV-E	93.658	171,209
Foster Care - Title IV-E - ARRA	93.658	8,316
Adoption assistance	93.659	23,742
Adoption assistance - ARRA	93.659	1,899
Social services block grant	93.667	127,771
Chafee foster care independence program	93.674	1,850
Child care and development block grant - ARRA	93.713	1,227
Children's health insurance program	93.767	20,897
Medical assistance program	93.778	<u>197,679</u>
Total Department of Health and Human Services		<u>\$ 975,618</u>
Department of Homeland Security:		
Pass Through Payments:		
Department of Emergency Services:		
State domestic preparedness equipment support program	97.004	<u>\$ 3,697</u>
Total Department of Homeland Security		<u>\$ 3,697</u>
Department of Agriculture:		
Direct Payments:		
Summer feeding	10.559	<u>\$ 29,150</u>
Pass Through Payments:		
Department of Agriculture:		
Food Distribution	10.555	\$ 41,467
Food Distribution - summer feeding	10.559	1,366
Department of Education:		
School breakfast program	10.553	162,506
National school lunch program	10.555	347,800
Fresh fruit and vegetable program	10.582	19,771

County of Sussex, Virginia
Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2009

Federal Grantor/State Pass - Through Grantor/ Program Title (Pass - Through Grantor's Number)	Federal Catalog Number	Expenditures
Department of Agriculture: (Continued)		
Pass Through Payments: (Continued)		
Department of Social Services:		
State administrative matching grants for the supplemental nutrition assistance program	10.561	\$ 295,461
Total Department of Agriculture		<u>\$ 897,521</u>
Department of Justice:		
Pass Through Payments:		
Department of Criminal Justice Services:		
Governor's office substance abuse program	16.579	\$ 3,742
Total Department of Justice		<u>\$ 3,742</u>
Department of Transportation:		
Pass Through Payments:		
Department of Motor Vehicles:		
State and community highway safety program	20.600	\$ 7,760
Total Department of Transportation		<u>\$ 7,760</u>
Department of Housing and Urban Development:		
Pass Through Payments:		
Department of Housing and Community Development:		
Community development block grant	14.228	\$ 176,782
Total Department of Housing and Urban Development		<u>\$ 176,782</u>
Department of Education:		
Pass Through Payments:		
Department of Education:		
Title I grants to local educational agencies	84.010	\$ 663,151
Special education - grants to states	84.027	420,908
Career and technical education - basic grants to states	84.048	9,621
Special education - preschool grants	84.173	555
Safe and drug free schools and communities - state grants	84.186	7,869
Education technology state grants	84.318	3,331
Title VI: Improving school programs state block grant	84.298	1,045
Improving teacher quality program	84.367	65,822
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334	18,664
Total Department of Education		<u>\$ 1,190,966</u>
Department of Defense:		
Direct Payments:		
ROTC	12.xxx	\$ 42,547
Total Federal Assistance		<u>\$ 3,298,633</u>

County of Sussex, Virginia

Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2009

Note 1 - General

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federally assisted programs of the County of Sussex, Virginia. The County's reporting entity is defined in Note 1 to the County's basic financial statements. All federal awards received directly from federal agencies, as well as federal awards passed through other government agencies, are included on the schedule.

Note 2 - Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting, which is described in Note 1 to the County's basic financial statements.

Note 3 - Relationship to Financial Statements

Federal expenditures, revenues and capital contributions are reported in the County's basic financial statements as follows:

Intergovernmental federal revenues per the basic financial statements:

Primary government:

General Fund	\$ 1,463,060
Total primary government	\$ <u>1,463,060</u>

Component Unit Public Schools:

School Operating Fund	\$ 1,233,513
School Cafeteria Fund	602,060
Total component unit public schools	\$ <u>1,835,573</u>

Total federal expenditures per basic financial statements	\$ <u>3,298,633</u>
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Total federal expenditures per the Schedule of Expenditures of Federal Awards	\$ <u><u>3,298,633</u></u>
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**County of Sussex, Virginia
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2009**

Section I—Summary of Auditors' Results

Financial Statements

Type of auditors' report issued unqualified

Internal control over financial reporting:

a. Material weaknesses identified? ___ yes X no

b. Significant deficiencies identified that are not considered to be material weaknesses? ___ yes X none reported

Noncompliance material to financial statements noted? ___ yes X no

Federal Awards

Internal control over major programs

A. Material weaknesses identified? ___ yes X no

B. Significant deficiencies identified that are not considered to be material weaknesses? ___ yes X none reported

Type of auditors' report issued on compliance for major programs unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? ___ yes X no

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
10.553/10.555/10.559	Child Nutrition Cluster
84.027/84.173	Special Education Cluster
93.575/93.596/93.713	Child Care Cluster

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee? X yes no

Section II—Financial Statement Findings

None

Section III—Federal Award Findings and Questioned Costs

None

County of Sussex, Virginia

**Schedule of Prior Year Findings and Questioned Costs
For the Year Ended June 30, 2009**

There were no prior year findings and questioned costs.

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